FINANCIAL TIMES

1984

No. 30,014 — Saturday August 23 1986 — UK 40p. U.S.A. $1.00 Canada C$1.00 Bermuda $1.50

WORLD NEWS

Shorts move to prevent intimidation

Belfast aircraft makers Short Brothers, under pressure to act against alleged intimidation of its Catholic workers, ordered that all flags, posters and political emblems be removed from workshops.

Chairman Sir Philip Foreman warned that anyone who refused would be disciplined.

Earlier this week Shorts called in the RUC to investigate intimidation allegations after Catholic workers' clock cards disappeared. Page 4

Barclays fraud inquiry

Scotland Yard is investigating an alleged £440,000 fraud at Barclays Bank's Whitehall branch. The bank received a document directing it to send the money to three European destinations. The authorising signatures were later found to be forged. Page 3

US arms talk challenge

The White House has challenged the Soviet Union to respond to President Reagan's latest arms control proposals and to set a date for a summit. Page 2

Police meet on Stalker

The Greater Manchester Police Authority met behind closed doors to decide the future of suspended Deputy Chief Constable Mr John Stalker.

Detention claim

White opposition politicians accused the South African government of concealing the number of detentions under emergency rule and said that thousands of dissidents were missing. Page 2

Fresh Wapping talks

News International will meet print union leaders at the end of the week for fresh talks aimed at finding a solution to the seven-month-old Wapping dispute. Page 4

Typhoon Wayne kills 17

Seventeen people were killed and six were missing, feared dead, as Typhoon Wayne swept across Taiwan, causing widespread flooding and destroying hundreds of homes.

Ulster employment falls

Employment in Northern Ireland is lower than at any time since the early 1960s. A recent forecast suggests that employment will decline further by the end of the year. Page 4

PLO 'support at 90%'

Support for the PLO is running at about 90 per cent in the West Bank's occupied territories, according to a soon-to-be-published poll. Page 2

Navy rescues six

A Royal Navy warship steamed 100 miles to rescue six people, including a baby boy, who were stranded after their yacht's engine failed in stormy seas 265 miles off Land's End.

Troops shoot workers

Troops shot dead two opposition workers and wounded four in Pakistan's southern Sind province, ending a four-day lull in violent political unrest.

Rain hits test

Rain again stopped play in the third cricket test at the Oval, with New Zealand 257 for eight (Wright 119).

Bank Holiday weather

Poor weather was predicted for the Bank Holiday weekend which began last night with a 45-mile traffic jam on the A34 between Oxford and Birmingham. Weather Back Page

Financial Times

The Financial Times will not be published on Bank Holiday Monday August 25.

BUSINESS SUMMARY

Norway cuts oilfield tax to 60%

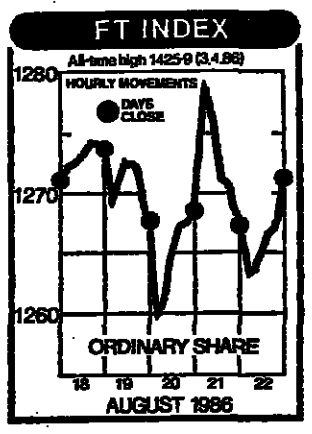
NORWAY is to cut the tax on its North Sea oil and gas fields from about 85 to 60 per cent after bowing to pressure from oil companies to ease its reforms of petroleum taxation.

The move came as the Soviet Union said it would cut crude exports by 100,000 barrels a day in September and October in an attempt to bolster the production cut agreed by Opec.

In Britain, the Government is considering turning North Sea oilfields and offshore construction yards into Enterprise Zones to stimulate development by giving tax breaks to oil companies. Back Page

SHARE PRICES rose modestly on selective institutional demand with the FT Ordinary

FT INDEX



Index rising 4.1 points to 1271.2, finishing the week just 0.2 points higher. Stock market report, Page 22

COFFEE prices rose sharply in London and New York after Brazil cut dramatically the forecast for its drought-hit crop. In London the November robusta price rose £120 a tonne to £2,172.50. Back Page

PLATINUM prices reached a six-year high as speculators, mostly in the US, piled into the market in the belief that supplies may be hit by sanctions against South Africa. In London, platinum closed at $585.50, $20 up on the day. Back Page

WILLIAMS HOLDINGS, mini engineering conglomerate, is holding merger discussions with London and Midland Industrials, an industrial holding group. Page 8

ENGINEERING companies C. & W. Walker and Greenbank Group are to merge. Page 8

LEYLAND BUS is closing its headquarters and shedding a further 757 jobs in an attempt to return to profit. Page 3

MEL, British subsidiary of Dutch electronics group Philips, joined the contest to supply an airborne early warning system to the Ministry of Defence, by offering an Anglo-Dutch radar system carried in an Airbus aircraft. Page 3

AMERICA'S gloomy economic prospects brightened with a surprise Commerce Department report that orders for durable goods rose 4.3 per cent last month. Page 2

TRANSAMERICA, Californian financial services group, is to close its loss-making Trans-America Airlines subsidiary, once the world's biggest charter carrier, after failing to find a buyer. Page 9

TOYOTA MOTOR, Japan's biggest car maker, blamed the high value of the yen for a 24.6 per cent drop in profits to Y488.39bn (£2.12bn) for the year to June 30. Page 9

AMERICAN Medical International, leading US hospital group, said it expects to make its first loss for 25 years this year after taking an $800m writedown. Page 9

BRITISH Columbia Resources Investment Corporation is to sell its North Sea oil and gas interests to Dyas, a small Dutch company. Page 3

MARKETS

DOLLAR
New York lunchtime:
DM 2.044
FFr 6.6955
SFr 1.64875
Y153.45
London:
DM 2.0445 (2.0415)
FFr 6.695 (6.6875)
SFr 1.651 (1.6445)
Y153.35 (153.15)
Dollar index 110.3 (same)
Tokyo close Y153.4

US LUNCHTIME RATES
Fed Funds 5¼%
3-month Treasury Bills:
yield: 5.51%
Long Bond: 99¾
yield: 7.29%

GOLD
New York: Comex Dec latest $386.4
London: $382.875 ($383.25)

STERLING
New York lunchtime: $1.4885
London: $1.4875 (1.4985)
DM 3.04 (3.06)
FFr 9.9575 (10.02)
SFr 2.4550 (2.465)
Y228.0 (229.5)
Sterling index 71.3 (71.7)

LONDON MONEY
3-month interbank:
closing rate 9¹¹⁄₁₆% (9¾)

NORTH SEA OIL
Brent 15-day Sept (Argus)
$13.85 ($13.975)

STOCK INDICES
FT Ord 1271.2 (+4.1)
FT-A All Share 794.23 (−0.1%)
FT-SE 100 1607.1 (+0.3)
FT-A long gilt yield index:
High coupon 9.44 (9.38)
New York lunchtime:
DJ Ind Av 1880.34 (−0.55)
Tokyo:
Nikkei 18441.31 (−234.29)

Chief price changes yesterday, Back Page

CONTINENTAL SELLING PRICES: Austria Sch 20; Belgium BFr 45; Denmark DKr 8; France FFr 6; W Germany DM 2.20; Ireland 60p; Italy L1,500; Malta 30c; Netherlands Fl 2.75; Norway NKr 7.00; Portugal Esc 90; Spain Pta 125; Sweden SKr 7.00; Switzerland SFr 2.20.

Pressure grows for cut in W German interest rates

BY GEORGE GRAHAM

THE STRENGTH of the D-Mark in foreign exchange markets yesterday added to the pressure on the West German Bundesbank to cut its interest rates in response to the lowering of the US Federal Reserve Board's discount rate earlier this week.

The D-Mark moved towards the top of the European Monetary System's exchange *rate mechanism, pushing near* its upper limit against the weaker currencies in the system and moving above its central rate against the French franc, the other leading currency in the system.

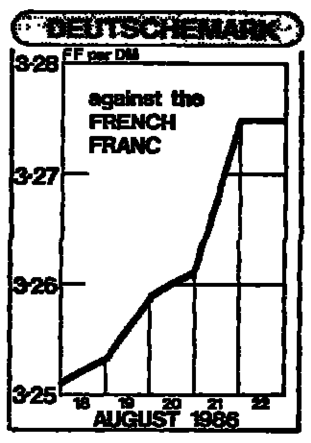
At the start of the week the D-Mark was weaker than the French franc in the EMS and close to its central rate of FFr 3.2562. It strengthened yesterday to a Paris fixing of FFr 3.2769, before easing to FFr 3.2746.

The Danish krone, while remaining the weakest currency in the EMS grid, recovered from its low point to end in London yesterday at DKr 3.7748 to the D-Mark. It had earlier come within 0.16 per cent of its lower limit of DKr 3.7876.

Until recently the weakness of the D-Mark in the EMS after the realignment of currencies in April was among the reasons cited by the Bundesbank for not cutting interest rates. Dealers noted yesterday, however, that the position of the West German and French currencies had reversed.

"Once the D-Mark moves above the French franc (as it has now done) the currency speculation and capital flows tend to become cumulative. In general the Germans and the French have both tried to keep close to the central rate," said Mr Gavyn Davies, economist at Goldman Sachs, the US investment house.

DEUTSCHEMARK



While the present strength of the West German domestic economy provides little incentive for the Bundesbank to cut its discount rate, financial markets feel that the strains within the EMS and the fear of a further substantial depreciation of the dollar against the D-Mark, which could hurt West German exporters, are increasing pressure for some move on rates.

Mr Claus Koehler, a Bundesbank board member, said yesterday that there was no question of the West German central bank being under pressure. Observers noted, however, that Mr Koehler mentioned "the contribution we can make for the solution of international problems" as one of the main criteria for deciding monetary policy.

The dollar strengthened for a time yesterday, rising by 0.3 pfennigs against the D-Mark to a London close of DM 2.0445 *before easing in New York.* Over the week, however, the D-Mark has put on nearly 2 *pfennigs against the US* currency and it has gained 14 per cent in the last three months.

In the UK, the weakness of the pound continued to make financial markets cautious about the likelihood of any imminent cut in bank base rates, even if West Germany were to lower its rates.

Markets were generally quiet in the run-up to a long weekend, but sterling slipped another 2 pfennigs against the D-Mark to close at DM 3.04. This brings its loss in two days to 4½ pfennigs, as currency dealers took a nervous view of the UK's economic prospects. The Bank of England's sterling exchange rate index lost 0.4 yesterday to close at 71.3.

A gloomy prognosis from the National Institute for Economic and Social Research damaged sentiment earlier in the week. It forecast only 2.2 per cent growth in the non-oil economy next year, coupled with a balance of payments deficit mounting to £5.8bn.

Fading hopes of lower interest

Continued on Back Page
Editorial comment, Page 6; Japan unlikely to cut interest rates and Lex, Back Page

Bank president quits in Argentine inflation row

BY TIM COONE IN BUENOS AIRES

MR ALFREDO CONCEPCION, president of Argentina's Central Bank, resigned yesterday together with the bank's entire board, according to Mr Leopold Portnoy, the bank's vice president.

Reaction was immediate in local and financial stock markets with the rates of the local currency firming against the dollar and stock prices rising slightly.

Both markets have been extremely volatile in the past two weeks following the announcement of last month's inflation figure of 6.8 per cent. This figure fuelled speculation of an imminent collapse of the Argentine Government's economic policy and its stabilisation programme called the Austral Plan.

Mr Concepcion is a long-standing political ally of President Raul Alfonsin within the ruling Radical Party. He was appointed to head of the Central Bank by the President in February last year, a few months before the launch of the Austral Plan.

However, tension has grown recently between the Economics Ministry, headed by Mr Juan Sourouille, and the Central Bank directors over the course of the plan, and especially over monetary policy.

The economic team led by Mr Sourouille promised the IMF in June to limit money supply growth to only 3 per cent of GDP. However, this figure has not been adhered to, for which the managers of the Central Bank are being blamed.

Talks with the IMF over a new standby loan are due to begin later this month and rescheduling discussions with Argentina's creditor banks are expected to start in September, according to high level officials of the Economics Ministry.

Rumours of Mr Concepcion's resignation have been circulating for several weeks, leading at one point to President Alfonsin declaring publicly that the Central Bank's president enjoyed his personal support and backing and that no resignation was to be expected.

The most likely candidates as successor to Mr Concepcion are Dr Roberto Lavagna, Trade and Industry Minister, or Dr Jose Luis Machina, Deputy Economics Minister, both of whom closely share the policy goals of Mr Sourouille.

Dr Roberto Lavagna announced a package of export incentives on Thursday afternoon to produce, "a deep structural change in the Argentinian economy." The measures include tax changes to help exporters of industrial goods, and the creation of a temporary admission status for 11,000 categories of imported raw materials and intermediate goods.

Exchange rate stability will also be guaranteed to industrial exporters. The package of measures is designed to give an "export bias" to Argentine industry which, Dr Lavagna said, "will be permanent and have far-reaching effects."

Liquidity warning to building societies

BY NICK BUNKER

SUPERVISORS HAVE told UK building societies not to run down liquid funds much further as a way to release more money for mortgage lending. The warning comes 10 days after industry figures showed that the societies last month promised a record £4bn to homebuyers.

It is in a consultation paper on capital — adequacy tests for the societies, published today by Mr Michael Bridgeman, Chief Registrar of Friendly Societies.

The societies hold liquid funds in the form of gilt-edged securities or local-authority debt, as a cushion against big withdrawals by savers or to meet peaks in *mortgage* demand.

Mr Bridgeman's paper says that in a period of change in financial markets "it would be imprudent for societies generally to reduce liquidity much below the present generally accepted minimum norm of 15 per cent of total assets, especially because of the inevitable uncertainties, and so risks to confidence."

In June societies drew about £720m from their liquid funds, cutting their average liquidity level to about 16.6 per cent of assets, the lowest figure since spring 1974.

In July the ratio fell again to 16.5 per cent, reflecting low receipts from investors and the need to free cash for mortgage lending.

The aim of the leading societies is a reduction in liquidity to 15 per cent by the year's end. In the five years 1980-85 it averaged between 18.9 and 20.5 per cent. This is mainly because the marginal return from mortgage lending is higher than that from funds invested in securities.

A consultation paper on new liquidity regulations is due to be published this autumn by the Building Societies Commission, headed by Mr Bridgeman, which starts life next month as the industry's new official supervisor under the Building Societies Act 1986.

The paper published today, called Capital Adequacy, has been keenly awaited by the societies. It outlines the commission's thinking on the capital reserves which the societies should build.

It proposes a system to assess capital adequacy based on banking-supervision techniques used by the Bank of England. These would replace an 18-year-old system of prescribed reserve ratios.

It reflects four years of thinking by Mr Bridgeman, who first indicated in 1982 that a new system might be necessary. However, the 1986 act has made a new approach more urgent because it gives the societies powers to diversify from mortgage lending to newer, potentially more risky business such as unsecured consumer lending.

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Guinness gives explanation of bid pledge move

BY LIONEL BARBER

AFTER four weeks of hard bargaining with the UK regulatory authorities, Guinness, the drinks and leisure group, last night published its long-awaited circular to shareholders explaining why it reneged on pledges made during its successful £2.5bn bid for Distillers, the international drinks business.

The circular's contents fall short of the public expression *of regret sought by the authorities*, but it contains several concessions on the revised Guinness-Distillers board structure which lies at the heart of the controversy.

The appointment of Mr Ernest Saunders as Guinness group chairman and chief executive—instead of the earlier promised appointment of Sir Thomas Risk, Governor of the Bank of Scotland, as group non-executive chairman— will be put to the shareholders' vote at an extraordinary meeting on September 11.

Giunness's four new non-executive directors, announced last week in an effort to defuse City criticism, must be approved individually by shareholders. *And the Stock Exchange*, backed by the Bank of England and the Department of Trade, has strengthened a new committee of non-executive directors which has the power to hire and fire the chairman.

According to the circular, the non-executive committee will neither be disbanded, nor its powers reduced, without 75 per cent majority approval from shareholders at a special meeting.

Mr Olivier Roux, Guinness executive director, hailed the circular as a victory for self-regulation. He said it had produced a solution satisfactory to Guinness, the Government and the Stock Exchange.

The Guinness row erupted *last month after the company* announced in a press release that it was scrapping proposals to form a group Guinness-Distillers board to be chaired by Sir Thomas. The proposals had been contained in an offer document and in the Stock Exchange listing particulars for the new group.

The circular states for the first time publicly that the original board structure was "misconceived," arguing that it would have proved too unweildy and unresponsive to provide *effective direction and control.*

"There should be no doubt that the board of Guinness recognises the importance of statements made in connection with an offer and the board unequivocably confirms that . . . (these statements) fully accorded with its intentions at the time," the circular states.

However, it goes on to say that the Guinness board faced a dilemma. To have gone ahead with the board structure would have jeopardised the fundamental objective of the acquisition: the creation of a new British-owned international consumer brands group able to compete with the world.

The Department of Trade declined to comment on the *circular. The Government and* Stock Exchange view is that the matter rests with the shareholders.

In a statement, the exchange said it attached the greatest importance to the obligation of a board of directors to carry out intentions stated in a prospectus. "At the same time, it recognises the duty of a board to act at all times in the interests of its shareholders."

Mr Alex Fletcher, a former minister responsible for City affairs and an adviser to Argyll, the supermarkets group which unsucessfully contested the Guinness bid for Distillers, said: "Guinness has got clean away. The affair shows that if a company is prepared to be *rough with the City and the* Government, it can get away with it."

Lex, Back Page

Yorkshire TV valued at £41m in offer for sale

BY RICHARD TOMKINS

YORKSHIRE TELEVISION, the independent television company about to be floated on the stock market, said yesterday that the offer for sale would value the company at £41.2m. Shares are expected to begin dealings at a premium.

Baring Brothers, the merchant bank sponsoring the issue, will offer about 8.2m shares, or 25 per cent of Yorkshire's equity, at 125p a share. The issue's stockbroker will be Cazenove and the prospectus will be published on Tuesday.

Yorkshire is the last major television contractor among the 16 ITV companies to seek a stock market quote. Its offer for sale follows soon after the flotations of Thames Television and TV-am, both of which were well over-subscribed.

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WEEKEND FT

SINGAPORE

Lee Kuan Yew has ruled Asia's city state for 27 years. Chris Sherwell looks at the man and his achievements.

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TELEVISION

Yorkshire Television is about to follow Thames and TV-am onto the stock market. Are the shares a good buy?

PAGE IV

ON SHOW

The state of archaeology in the UK is being highlighted in a major exhibition at the British Museum in London.

PAGE IX

FOOTBALL

It seems only yesterday that the old one ended — but the new English league soccer season kicks off today.

Page XIV

US steps up pressure for summit date

BY REGINALD DALE, US EDITOR, IN WASHINGTON

THE US is showing renewed signs of impatience over Soviet reluctance to reply to President Ronald Reagan's latest arms control proposals and set a date for the next superpower summit.

Moscow should "get down to business" both at the Geneva arms talks, and by replying to a letter on arms control that Mr Reagan sent to Mr Mikhail Gorbachev, the Soviet leader, at the end of July, Mr Larry Speakes, the White House spokesman said on Thursday night.

The Administration said that Soviet and American arms control officals would meet in Washington on September 5 and 6 to continue the talks that they started in Moscow earlier this month.

While the US is hoping that the talks will pave the way for a summit later in the year, Mr Speakes said that he was unaware of any discussions of a specific date for the second meeting between Mr Reagan and Mr Gorbachev.

US press reports have said that the period from November 17 to December 5 has been informally discussed between the two sides for "planning purposes." Mr Speakes, however, insisted that the ball was in the Soviet court, and that it was still up to Moscow to agree to a summit date.

Mr Donald Regan, the White House chief of staff, said that he was "a little bit disappointed" that Mr Gorbachev had not been more forthcoming in his speech earlier this week, in which he accused the US of "intransigence" on arms control.

If Moscow was "truly serious" it would respond to Mr Reagan's letter, Mr Speakes said. "If the Soviets are interested in eliminating nuclear weapons, they should get down to business in responding to the President's letter and *in discussions at Geneva*.

"If the Soviets are serious about testing, then they should be willing to discuss with us the improved verification measures that we suggested that they discuss. And if they are serious about regional issues, then they should end their illegal occupation of Afghanistan," Mr Speakes said.

Renault to stop making cars in Mexico

By David Marsh in Paris

RENAULT, the loss-making French state-owned motor group, is pulling out of the Mexican car market and closing its car assembly operations in the country.

The decision, taken in response to a slump in the Mexican car market and a steep rise in Renault's losses there, marks a further step in a series of recent moves by Renault to try to cut its overall losses, which totalled FFr 23.4bn (£99.8m) over the past two years.

Renault said yesterday it would continue to run its two remaining operations in Mexico. These are an engine-making factory run by its subsidiary, Rimex, which exports its products mainly to the US, and Vehiculos Automotores Mexicanos, a company owned by Renault's US subsidiary American Motors Corporation (AMC), which sells Jeeps in Mexico.

The company has already tried unsuccessfully to secure a partnership with General Motors over the Rimex subsidiary, which is working at well below capacity. Since 20 per cent of Rimex's output serves the Mexican market, closure of Renault's assembly factory is likely to worsen its difficulties.

Renault yesterday denied, however, that the company was revising its overall transatlantic strategy.

S African white opposition accuses Botha

BY ANTHONY ROBINSON IN CAPE TOWN

THE LEADER of South Africa's white opposition Federal Progressive Party (PFP), Mr Colin Eglin, yesterday accused the Government of leading the country down "a long dark tunnel of increasing siege, conflict and repression." Options for a democratic alternative were receding, he warned.

Speaking during a non-confidence debate in parliament, Mr Eglin and other Opposition leaders attacked the Government for eroding the rule of law by its draconian and incompetent introduction of a state of emergency, for provoking sanctions and for mishandling the economy.

The event was treated as a mere formality by the Government. President P. W. Botha left the chamber while the debate was still running and did not bother to reply to the motion calling for the Government's resignation.

Mrs Helen Suzman, the party's speaker on law and order, angrily attacked Mr Louis Le Grange, the Minister for Law and Order, and said he had made *a fool of himself by his incompetent* drafting of emergency regulations, several of which the courts have recently rejected as invalid. "The regulations have been drawn up by men drunk with power," she told the House of Assembly, adding that the state of emergency had taken South Africa into the ranks of Third World countries where people went missing and their families did not know where they were.

Mrs Suzman said the list of 8,500 detainees presented by the *Minister in parliament on Monday* was "merely the tip of the iceberg." She said at least 12,000 had been detained under the emergency, of whom 3,000 were under the age of 18. A further 230 people had been killed since the emergency was declared on June 12, she added.

Earlier Mr Eglin had accused the Bureau of Information, the sole official source of information on the emergency, of distorting the real situation in the country. He quoted the example of a brief bureau statement *three weeks ago, which referred* without detail to the death of a security policeman allegedly killed by a mob of 300 blacks near the town of Adelaide.

In reality, he said, four drunken municipal policemen had walked on to the township football pitch while a game was in progress, pushed players around and finally shot one and wounded another. At this point, the crowd had become enraged and beaten one of the policemen to death.

Anthony Robinson looks at the vital role played by Africa's busiest port

Durban prospers as neighbour's fortunes fade

DEALING with the threat of international sanctions against South Africa was one of the main themes of the recent congress of the ruling National Party held at the Expo Centre in Durban in full view of the Indian Ocean sea-front. But every time delegates left the conference a comforting sight greeted them—a long line of ships anchored beyond the pounding surf and waiting their turn to be loaded or unloaded at the biggest and busiest port on the entire continent.

Despite all the talk about sanctions to come, the hard statistics for traffic through the port show a 10 per cent increase in tonnage cleared over the first half of the year, and these figures exclude the sharp increase in oil imports in recent months as South Africa has taken advantage of the world glut and low prices to stock up its strategic reserve.

The sanctions-breaking oil tankers which pump oil ashore to the Mobil refinery and extensive oil tank farms on shore and beyond by pipeline to the indsutrial heartland of the Transvaal are seldom seen in harbour. They slip in under cover of darkness and leave again before the dawn.

No discussion of sanctions is complete without reference to Durban whose dredged deep-water harbour sheltering behind the wooded semi-tropical green of the Bluff is not only the premier port of South Africa but the principal trading outlet for the foreign trade of half the continent as far north as the Zaire copper belt.

Durban has prospered in inverse proportion to the decay or decline of other ports in the region in the ten years since the collapse of the former Portuguese colonial empire and the independence of Angola and Mozambique.

On the map the logical outlet for Zaire's mineral exports and various imports would be its own port of Matadi or the Angolan port of Luanda. Further south Zambia, Tanzania, Zimbabwe and Malawi are also connected by road and rail to ports such as Dar es Salaam, Ncala, Beira and Maputo to the Indian Ocean or Mocamedes, Lobito and Luanda on the Atlantic side. On the map Maputo is the closest port to the Pretoria-Witwatersrand-Vereeniging industrial complex on the Reef and the road and rail connections as far as the Mozambique frontier remain excellent.

But geographical proximity has long ceased to be the prime or indeed even a relevant consideration in the shipping plans plans of southern Africa. After ten years of civil war in both Angola and Mozambique—and South African participation in both—the ports of both countries lack two vital prerequisites: a functioning economic hinterland and reliable communications. These crucial drawbacks are in addition to the more specific problems of the ports themselves, such as inadequate maintenance and training and severe silting up in the absence of regular dredging.

The net result of all this is that approximately 25 per cent of the traffic routed through Durban consists of cargoes which will be transhipped by road and rail through South Africa to destinations beyond the Beit Bridge road and rail bridge in the northern Transval which makes the most important border crossing into Zimbabwe.

Other cargoes move north along the older rail line through Botswana into Zimbabwe and Zambia.

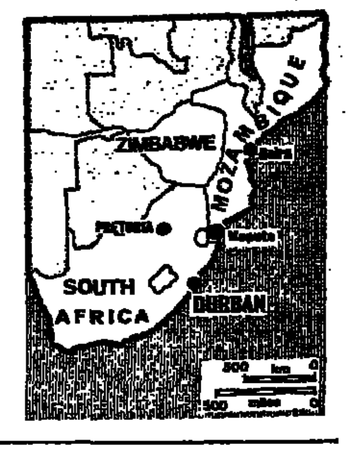
But the busy hum and swinging cranes of Durban harbour not only compares dramatically with the eery stillness and rusty decay of African ports to the north, it also contrasts with the relative decline in recent years of other leading South African ports, with the exception of the purpose-built coal and bulk mineral export terminal at Richards Bay further up the Natal coast.

East London, without its own container terminal, services the Mercedes Benz truck and car plants and development zones of nearby Ciskei. But it lacks a strong economic hinterland while Port Elizabeth, which has its own modern container and other facilities, has been hard hit by recession in the Eastern Cape economy, especially the motor industry, only partially compensated by booming wool and other agricultural exports.

Cape Town, for all its strategic importance at the tip of Africa is also greatly under under-utilised because of its distance from the economic dynamo of the Reef, the ending of the once important passenger traffic and the lack of economic growth in the Cape Province.

By contrast Durban, with the virtual eclipse of Maputo, has become the natural outlet for the foreign trade of the entire Reef area and in the process has itsef become one of the most dynamic industrial and processing centres in the country.

The corridor which stretches north west from Durban through the coal mining and engineering complex around Newcastle and up to greater Johannesburg represents an economic hinterland without comparison in Africa.



In order to cope with the steady increase in traffic large sums are being spent on upgrading the Johannesburg-Durban road to full motorway standards, including a stretch of private toll road. A 15-year rail upgrading programme providing an electrified, double tracked line with full computer train control has just been completed.

In the port itself heavy spending on containerisation designed to create sufficient capacity until 2010 by the South African Transport Service (Sats) which runs both the railway and most South African ports, has been matched by private investment such as the Rennies bulk terminal, a citrus pre-cooling facility and the grain and sugar terminals.

While most bulk coal exports are handled by Richards Bay some 200 km further up the coast, smaller coal producers producing higher value specialised coals for export are busy developing their own coal export facility on Pier 109 in the belief that sanctions or not they will still find a market for their product overseas.

The port itself employs 8,500 people, of which over 6,000 are black including all the crane drivers, fork lift drivers and labourers. According to Captain Peter Cox, the port director, their average wage is around R400 per month, plus food and lodging in Sats hostels. Most married workers live in the nearby townships and some are buying their own homes under a house purchase scheme introduced last year.

For Captain Cox, who frequently travels to Maputo as part of an ongoing and little publicised South African technical aid programme to Mozambique, the existence of a trained and motivated labour force is as crucial to the efficient working of the port as the quality of its equipment and the size and wealth of its immediate and extended hinterland.

Maputo, by contrast, now has a new container terminal constructed with technical assistance from a team of dedicated Liverpool dockers and endowed with an Italian made and donated container crane. But training and motivating Mozambican dockers paid in a currency which buys next to nothing in the empty shops is proving as much of a problem in its way as the frequent destruction of bridges, railway and power lines by the Mozambican National Resistance (MNR) insurgents

Faced with problems of this nature attempts by neighbouring black countries to lessen their dependence on South African ports and infrastructure have thus far proved a failure. "Sanctions or no sanctions Durban harbour is chock-a-block at the moment and remember with the container revolution one cellular ship has the capacity of seven to eight conventional vessels," says Captain Cox.

If sanctions bite it could be the rush before the calm. But Captain Cox is confident that sanctions will not bite for five years at least. Like so many South Africans who feel that the rest of the world totally fails to understand the importance of South Africa to the economic well-being of southern Africa as a whole, he is saddened that Durban's gain is partly a result of the misfortune of others.

But of one thing he is sure. Without access to Durban's facilities the economies of South Africa's northern neighbours would grind to a halt within weeks. That is the clear and simple message from the Durban waterfront.

A SUMMIT meeting of nine black southern African countries ended inconclusively yesterday with particpants unwilling to commit themselves to imposing economic sanctions against South Africa, Victor Mallet reports from Luanda.

Members of the Southern African Development Co-ordination Conference (SADCC), a group formed six years ago to reduce their heavy economic dependence on South Africa, pained a gloomy picture of the future, predicting further retaliatory sanctions against them by Pretoria.

Speakers at the summit in the Angolan capital Luanda announced no firm action to implement previous resolutions by Zambia and Zimbabwe to cut air links with South Africa and restrict trade.

"If we fail South Africa will make us bleed," Mr Kenneth Kaunda, the Zambian president, told delegates at the talks. "If we succeed, as we must, our freedom and pride will be enhanced" But he added that SADCC countries could not on their own impose successful sanctions against South Africa.

US manufacturing orders increase 4.3% in July

BY NANCY DUNNE IN WASHINGTON

THE US Commerce Department yesterday said new orders for manufactured durable goods increased in July by 4.3 per cent, or \$4.4bn (£2.9bn), a surprising sign of health in what has recently seemed to be a stagnating economy.

Although much of the rise grew out of orders for defence capital all goods, which increased 46.6 per cent or \$3.4bn, non-military orders for capital goods were up 3.8 per cent, the best gain since last February.

Commerce Department analysts said the volatile defence sector was responding to a flurry of Pentagon orders for aircraft, naval vessels and tanks.

Manufacturing orders have been depressed over the last year, as US industry bowed under to a flood of imports.

For the first seven months of the year, durable goods orders rose only 2 per cent above the same time in 1985.

Transport equipment orders rose last month by \$5.4bn or 22.9 per cent to \$28.9bn, but two-thirds of those orders were for the Pentagon.

Machinery orders declined by \$600m or 1.6 per cent, following an 11.9 per cent rise in June. New orders for primary metals fell \$300m or 2.7 per cent.

EEC aids fight against African locust plague

By Tim Dickson in Brussels

THE European Community has announced an emergency aid plan to help combat the African locust and grasshopper plague.

Only Ecu 2m (£1.4m) are involved but the European Commission which has been criticised for not reacting quickly to disasters, was yesterday keen to emphasise the speed and flexibility of its latest response. The donation brings the EEC's overall contribution to relieving the locust plague to Ecu 8m. The money has gone towards crop spraying, pesticides and dusting equipment, as well as technical advice and training.

The latest aid will pay for almost all the pesticides needed for a major spraying programme in Chad, Mali, Burkina Faso, Mauritania, Senegal, Niger, Gambia and Guinea Bissau.

Supplies costing about Ecu 3.3m are urgently required for a campaign being co-ordinated by the Food and Agriculture Organisation of the UN

Aquino to start visit to Indonesia and Singapore

BY SAMUEL SENOREN IN MANILA

PHILIPPINE President Corazon Aquino is to leave tomorrow for a four-day state visit to Indonesia and Singapore in what is generally seen as a dry-run to a longer and more exhaustive trip to the US in the middle of next month.

Mrs Aquino, who will be travelling with a handful of officials, hopes that her meeting with President Suharto will lead to a firmer relationship between Manila and Jakarta. After two days in Jakarta, she will go to Singapore to return the visit of Prime Minister Lee Kuan Yew who visited Manila last month as the first head of state to meet Mrs Aquino.

During Mrs Aquino's absence, the Government will be run by her powerful executive secretary, Mr Joker Arroyo. Mr Salvador Laurel, the vice-president, will perform ceremonial functions.

Mrs Aquino's scheduled trips abroad, which have been criticised by a number of her supporters on the ground that they are not necessary, have raised concern that supporters of Mr Marcos will try to seize control of the Government or stir up trouble while she is away.

A special commission which investigated the failed coup staged last month by supporters of Mr Marcos has warned that Mrs Aquino's planned state visits "raise high risks of another similar, if not more serious incident."

That risk, however, may have been diminished by Mr Marcos's pronouncements in Honolulu that he had no plans to return to Manila without Washington's approval or after an overwhelming demand by the people for his return.

Mrs Aquino is also clearly in control of the Philippine armed forces which toppled Mr Marcos from power last February.

Supporters of Mr Marcos, who have been engaged in a well-funded anti-government propaganda battle, had hoped the former president would return to the northern Philippines city of Laoag

● The former Philippines ambassador to the Vatican has been arrested after a large quantity of arms was found at his home, police officials said yesterday, Reuter reports from Rome.

The officials said Mr Bienvenido Dantoco was arrested with five other Filipinos after light and heavy arms were found in his villa on the outskirts of Rome. They gave no further details.

Soviet envoy requests talks with Community

MR Willy de Clercq, the EEC's External Trade Commissioner, disclosed yesterday that the Soviet Union's ambassador to Belgium has requested a meeting early next month, writes our Brussels staff.

The approach is unusual because Moscow does not formally recognise the EEC, but Mr de Clercq indicated he expected the main point of discussion to be the recent Soviet request to take part in the forthcoming world trade negotiations under the General Agreement on Tariffs and Trade.

Colombo happily surprised at Tamil ceasefire offer

BY JOHN ELLIOTT IN NEW DELHI AND MERVYN DE SILVA IN COLOMBO

GOVERNMENT leaders in Sri Lanka said they were "happily surprised" by reports from New Delhi that the Indian government had persuaded the Tamil separatist rebel groups to agree to a month-long ceasefire.

Militant Tamil organisations, which have been waging a guerrilla war in the northern and eastern part of Sri Lanka had agreed here to introduce a form of ceasefire for the next month while peace talks continue in Colombo.

This confirmed an informal agreement not to stage violence that might upset the talks which was first given to Indian diplomats in Delhi earlier this week. It came late on Thursday night when three senior ministers of the Indian Government flew to the southern Indian city of Madras for urgent talks with the leaders.

India, which allows the militants to run offices and camps in and around Madras, has been acting as an informal mediator in the talks

But the militants do not believe that the Sri Lankan Government of President Junius Jayawardene will negotiate and implement an agreement on Tamil devolution and so have been preparing the ground to oppose the outcome of the current Colombo talks.

Luck holds for Japan's graduates

By Ian Rodger in Tokyo

THIS YEAR'S university graduates in Japan are still lucky. There are apparently 2.6 jobs available in the country for each male graduate and 1.1 jobs for each female graduate.

But the class of '86 may well be the last to benefit from this longstanding sellers' market. The high yen and the pressure on Japanese industry to become more international probably menas that the tables will turn soon. Many companies have already announced cutbacks in their recruitment plans.

Other changes in Japan's annual graduate recruitment ritual are also occurring. For one thing, women will be getting a better share this year, thanks to the introduction of a new equal opportunity act.

Previously, female graduates were interviewed only after companies had completed interviewing males. Many women felt it necessary to have plastic surgery on their eyes and/or noses in order to appeal to prospective employers.

There are some significant changes in the league tables of companies the students consider the most desirable to work for.

For arts graduates, NTT, the National Telecoms carrier, has vaulted from the number 21 place last year into the top spot. Students interviewed by a market research organisation said they favoured NTT, which is about to be privatised, for the stability it would offer (59.2 per cent), its contribution to society (47.6 per cent) and its size (43.7 per cent).

Mitsui Real Estate has climbed to ninth position from thirty-third place last year, perhaps because graduates, like stock market investors, are counting on their countrymen to abandon their rabbit hutches and move into real houses.

Science graduates are more conservative sticking with the same electricals giants—NEC, Hitachi, Fujitsu, Matsushita, Sony and Toshiba—that they have favoured for many years

IBM Japan remains the only foreign-owned company to make it into the science graduates' top 10. Foreign companies often complain about the difficulty of recruiting good people in Japan.

West Bank poll suggests strong backing for PLO

BY TONY WALKER IN JERUSALEM

THE Palestine Liberation Organisation retains overwhelming support in the occupied territories, according to an opinion poll to be published soon.

The poll, the first to be taken in the West Bank for several years, shows that the PLO's support is running at over 70 per cent of those questioned. A similar level of support was found in the previous poll, conducted on behalf of Time, the US news magazine.

The latest poll, commissioned by the Long Island publication Newsday, with the Australian Broadcasting Corporation and al-Fajr, the pro-PLO Jerusalem-based newspaper, sampled the opinions of about 1,000 residents of the West Bank and Gaza Strip, occupied by Israel in the 1967 war. It shows that Mr Yasir Arafat's mainstream Fatah organisation still has strong backing. Of those who indicated a preference about 70 per cent supported the PLO, according to Mr Hanna Siniora, editor in chief of al-Fajr.

Mr Siniora said another feature of the poll was the relatively strong showing of the Democratic Front for the Liberation of Palestine, a Marxist Syrian-based group led by Mr Nayef Hawatmeh.

The poll was conducted by Professor Mohamed Shadid, a US-trained academic from Najah University in the West Bank town of Nablus. Dr Meron Benvenisti, former deputy mayor of Jerusalem and a West Bank expert, advised in preparations for the poll.

Mr Siniora, a moderate Palestinian with close links to the PLO, said that Mr Arafat maintained strong support in the occupied territories by "listening to the grass roots."

Anson Ng in Guatemala City reports on a change of approach to a former UK colony

Guatemala softens stance over Belize claim

GUATEMALA'S recent change to a civilian from a military Government looks like being a harbinger of improved relations with the UK and its former colony of Belize following the Central American country's announcement this week that it is to resume formal consular relations with Britain.

Guatemala will soon nominate an official to represent its interests in Britain. UK consular officials, operating out of the Swiss embassy in Guatemala City, were notified this week that they may now assume direct diplomatic representation for the British Government.

In 1981, Guatemala, which has long claimed sovereignty over Belize, the former colony of British Honduras, for which Britain maintains a 1,600-member defence force, severed diplomatic ties. Elections last January, which brought Mr Venecio Cerezo Arevali, leader of the Central Democratic Party, has set in motion a programme of constitutional changes which previously had assumed Belize to be an integral part of Guatemalan territory.

The constitutional revisions, prepared by a legislature dominated by the Christian Democrats and the Union of the

President Cerezo Arevali: wants to find a negotiated solution

National Centre, the two dominant parties, allow the administration to take a more conciliatory stance towards Belize. Any negotiated agreement with Britain to modify Guatemala's territorial claims are to be put to a referendum to the Guatemalan people.

Under the revisions, the Government is asked to "promote social, economic and cultural relations with the people of Belize." For nationality purposes, Belizians also are to be considered in the same category as other Central Americans.

"We wanted to find a nogotiated solution, not a violent solution, starting on the basis of an historical fact that in Belize there exists a community with its own political and cultural chracteristics," said Mr Cerezo Arevali in a recent interview. "Our interest is in integrating them into Central America: but we want the honour, the interests and the rights of Guatemala to be safeguarded."

In contrast to previous military regimes, Mr Cerezo, the 43-year-old Christian Democrat, also indicated Guatemala would negotiate directly with Belize rather than through Britain. "We are going to sit down and talk with Belize and, naturally, Britain will be present as a party which was interested at one time in the merger. . ."

Nevertheless, hard line officials, at the Ministry of Foreign Relations maintain Guatemala would hold talks with Britain as the colonial power and with Belize as observers. These officials say the resumption of relations with Britain would improve communications with Whitehall, and facilitate a negotiated solution over Belize.

This notion is being played down by the British. As one source puts it: "With the presence of British troops in Belize, we obviously have some influence, but we must not be seen to be putting pressure on Belize. The renewal of relations with Britain would improve the general atmosphere of future talks, but it is very much a problem between Guatemala and Belize."

Officially, Guatemala still claims its territorial rights over Belize. However Government officials, political leaders and army officers, privately concede that claiming the whole of Belize is unrealistic. Belize is already a UN member and is internationally recognised as a sovereign country.

In return for dropping territorial claims, Mr Edmond Mulet, a UCN deputy and member of the legislature's foreign affairs committee, reckons that Guatemala would settle for an agreement which provides access to the Caribbean. This could mean a direct road link through Belize to the coast, free use of port facilities and possible control over several quays or islets.

Some of these suggestions appeared in bilateral agreements signed in 1981, but which were later shelved in the wake of fierce protests in Belize and Guatemala's subsequent termination of diplomatic ties.

Though Guatemala has a Caribbean port, it is using waters which technically fall under Belizian and Honduran sovereignty and which could, in theory, be closed to Guatemalan vessels.

Surprisingly, the extreme right-wing National Liberation Movement, which at one time offered its private army of political activists and bodyguards as part of a Belize invasion force, has also moderated its stance. In return for recognition of Belize's sovereignt, Dr Ortiz, a MLN spokesman, said Belize should give up the southern district of Toledo equivalent to about a fifth the size of Belize.

Such a request, which has also been expressed by previous military regimes, is unlikely to be granted by Belize. "Any proposal which does not include concession of land. I would say has a possibility. But there is no question of giving up any strip of land," said Mr Dean Barrow, the Belizian Foreign Minister, in a telephone interview this week.

Malaysian director held

BY WONG SULONG IN KUALA LUMPUR

MR MOHAMED ABDULLAH ANG, former managing director of the Malaysian Overseas Investment Corporation (MOIC) which is now being liquidated, has been arrested and charged with criminal breach of trust.

The 40-year-old controversial entrepreneur was arrested in Singapore on Tuesday. He was remanded for a week to allow police to make further investigations.

He is alleged to have committed criminal breach of trust involving 388,000 ringgit (£120,000) belonging to MOIC.

Mr Ang, popularly known by his initials, MAA, became MOIC's managing director when the corporation was set up in 1983 and resigned last October to set up his own business in Singapore.

Gulf Canada withdraws

GULF CANADA is pulling out of Arctic exploration until international oil and gas prices improve, writes Robert Gibbens in Montreal. The decision to be announced officially next week will mean mothballing about C\$600m (£290m) of drilling equipment and the loss of up to 700 jobs.

Gulf Canada had hoped to mount a C\$150m drilling programme next winter in the Beaufort Sea area about 2,000 miles north of Calgary. But because of cash flow constraints it is dropping the plan.

FINANCIAL TIMES, USPS No. 190640 published daily except Sundays and holidays. US subscription rates \$365.00 per annum. Second class postage paid at New York NY and at additional mailing offices. POSTMASTER, send address change to: FINANCIAL TIMES, 44 East 60th Street, New York, NY 10022.

Leyland Bus to close HQ with loss of 757 jobs

BY JOHN GRIFFITHS

THE headquarters of loss-making Leyland Bus is to be closed as part of a further rationalisation programme involving 757 redundancies.

The planned job cuts at Leyland, Lancs, are additional to 480 announced last month. The management consortium which is buying Leyland Bus from the state-owned Rover Group, formerly BL, also intends to close the company's works at Lowestoft, Suffolk.

This will leave Leyland Bus with only about 1,200 employees. At the New Year it had 2,600, a figure already halved since the recession in the bus market began at the end of the 1970s.

Mr Ian McKinnon, managing director, and prime mover of the buy-out consortium that has the backing of financial institutions led by Bankers Trust, told employees by letter that the cuts were needed "to return the compay to profitability."

Leyland Bus had a £33.2m pre-tax loss last year, and had sustained losses for some time before.

The company's headquarters at Leyland is to be integrated with the main Faringdon manufacturing works, also at Leyland, and 158 of the 300 headquarters staff will lose their jobs.

The biggest loss of jobs, 468, will be at the manufacturing plant, where 1,250 are employed. The remaining 131 redundancies are at the Workington plant, which has a workforce of 379.

Discussions will be held with the unions and workforce on timing of the job cuts and closures. The letter to employees said redundancy terms would be "normal Rover Group," and above the statutory minimum.

Employees knew at the time of the Lowestoft closure announcement that further cuts were inevitable. The question was precisely where the axe would fall next, and how deeply it would cut.

Mr McKinnon has warned that the recession is so steep in the bus and coach market that Leyland's production is likely to fall to 900 units of all types in 1987, from about 1,500 this year.


Ian McKinnon: "Very difficult marketplace"

No change of activities is to be made at Faringdon, which manufactures gearboxes, axles, Olympian double-decker bus chassis, Tiger bus and coach chassis, and chassis parts.

Olympic chassis have also been made at Workington. This is to cease, but the plant will continue to produce railbuses, Lynx city buses and Royal Tiger luxury coaches.

The company's Eastern Coachworks plant at Lowestoft, to be shut completely, was not wanted by the consortium because Faringdon plant has capacity to undertake Lowestoft's bus bodybuilding.

Mr McKinnon said in his letter that though Leyland Bus "will continue to operate in a very difficult and competitive marketplace, nevertheless we believe with the steps we are now taking we can face up to the competition."

The sale of Leyland Bus to the consortium, together with 33 per cent of Leyland Parts, is raising £11.7m for the Rover Group, though it is bearing some rationalisation costs, including all those at Lowestoft.

It made provisions of £10m in the 1985 accounts to cover the bus company's rationalisation.

Fewer ships lost but more are broken up

By Andrew Fisher, Shipping Correspondent

FEWER SHIPS were lost at sea last year than in any year since 1965, but shipowners sent a record volume of aged and surplus vessels to breakers' yards, Lloyd's Register of Shipping reported in its 1985 casualty return.

The number of ships lost at sea was 327 in 1984 and 307 last year but there was more loss of life. Of 619 deaths last year, compared with 525 the year before, 136 were caused when Asuncion, a ferry in the Philippines, foundered in heavy weather.

There were two other disasters with heavy loss of life. An Indian passenger- and cargo-ship, Chidambaram, was damaged by fire and 40 were killed. The foundering off Mexico of Huichol II, a Panamanian divine-support vessel, claimed 33 lives.

The total tonnage lost in the year was 1.65m gross, down from the 1984 total of 2.35m tons, the highest ever. The Iran-Iraq war again took a heavy toll of merchant shipping, 11 ships totalling 613,000 tons being lost, against 14 totalling 1.1m tons in 1984.

Included in the Gulf war losses was the largest ship lost in the year, the Greek tanker Fairship of 131,000 tons. Three other tankers above 100,000 tons were lost. The Gulf war resulted altogether in the loss of seven tankers, two container-ships, one bulk-carrier and a tug.

Of the record volume of tonnage sent for demolition, most went to Taiwan. The total broken up rose by 4.5m tons to 22.2m tons. The number of vessels demolished, 2,360, was 575 more than in 1984 and also a record.

Taiwanese demolition yards took about 35 per cent of the tonnage, slightly less than in 1984. China doubled its share to 23 per cent. South Korea's share fell by half, to 11.5 per cent.

Half the tonnage demolished was tankers. As in past years owners have reacted to the prolonged inactivity in this sector by shedding VLCCs (very large crude carriers) and smaller ships.

Nick Bunker looks at a radical approach to determining building societies' needs

Taking the measure of capital reserves

CAPITAL ADEQUACY, the consultative document published today by the Registry of Friendly Societies, has been anxiously awaited by building societies for more than a year.

If implemented by the new Building Societies' Commission, its proposals will mark the most significant change since the late 1960s in the way societies and their regulators determine the level of capital reserves that must be carried on a society's balance-sheet.

A building society's reserves are the excess of its total assets over its liabilities. The excess is built up from annual operating surpluses (profits) or from the revaluation of assets.

Reserves have gradually risen in recent years to an industry average of about 4.07 per cent by the end of 1985. Societies hold reserves to finance fixed assets (such as buildings and technology), meet mortgage and investment losses and maintain public confidence.

Since 1968, a statutory instrument has required societies to maintain fixed minimum reserves, determined on a sliding-scale related to the size of the society.

In 1982, however, Mr Michael Bridgeman, the Chief Registrar, began signalling a future shift towards assessing reserve requirements on the basis of the nature of the business undertaken.

This became more urgent with the approach of the Building Societies' Act, which received Royal Assent last month. It allows societies to diversify away from mortgage lending for home-buyers into newer, more risky activities such as unsecured personal lending, house building, insurance broking or estate agency.

Mr Bridgeman indicated that he was actively considering new guidelines at the Building Societies Association 1985 annual conference.

Today's paper adopts an approach which, it says, "differs radically from the statutory minimum capital ratios hitherto prescribed. It corresponds to the approach developed by the Bank of England for banks and other deposit takers."

Recommendations in prudential notes developed from the paper will not be mandatory. But on capital adequacy, "scope for variation will be one-sided. The Commission could not responsibly accept a society adopting a lower level of desired capital than suggested."

The core proposal is to follow the Bank of England in using two measures of a society's capital requirements. First, a public measure intended to give the public a sense of the relative capital strengths of societies and secondly a group of operational measures.

The public measure will consist of the ratio of free capital (minus book value of fixed assets) to total liabilties shown in the balance-sheet. There will be no minimum for this, but "generally, a society which satisfies the Commission on the operational measure will find that it meets this criterion."

The operational measure will not be published, but will be assessed by applying a set formula to the different types of activities undertaken.

Set out in the adjoining tables, this will require societies to keep reserves of between 1 per cent and 4 per cent of outstanding balances on mortgage loans; 20 per cent of outstanding balances of consumer loans; 20 per cent or 40 per cent of investment in homes to rent; and 30 per cent of the total final cost of housing for sale projects financed solely by the society.

No general rules have been laid down regarding joint housing projects and some of the above ratios may be reduced as societies gain a track record in their new activities.

On top of these specific provisions, there would be an additional general capital provision of initially 0.5 per cent of total assets, to be increased to 1 per cent "over a period of, say, five years."

Judgment of capital adequacy will also take account of building societies' subsidiaries, such as overseas mortgage operations, estate agencies and insurance brokers. But "the way in which such consolidated supervision is exercised will depend on the circumstances of the particular case" and on the parallel regulations made by other supervisors such as those set up under the UK Financial Services Bill.

Capital Adequacy. A Consultation Paper. £3 from S. Kennett, Registry of Friendly Societies, 15 Great Marlborough Street, London, W1V 2AX.

BUILDING SOCIETIES PROPOSED CAPITAL ADEQUACY REQUIREMENTS

Mainstream lending activities	Capital requirement (percentage of balance outstanding)	New activities Class 3 lending:	Capital requirement 20 per cent of outstanding balances (could be cut to 10 per cent later)
Group 1: First mortgage loans on owner-occupied homes, where loan has been outstanding more than 5 years and no further advance has been made during that time	1 per cent	Class 3 lending where borrower already has secured loan with society	15 per cent (could be cut to 7.5 per cent later)
		Homes for rent—financed long-term	20 per cent of book value
Group 2: Other first mortgage home loans, provided advance was for not more than 90 per cent of valuation (75 per cent if index-linked)	1.5 per cent	Homes for rent—not so financed	40 per cent of book value
Group 3: Other Class 1 home loans secured on first mortgage (ie including new high percentage advances). Loans to housing associations not linked to society	2.5 per cent	Homes for sale—(financed solely by the building society involved)	30 per cent of total cost
		Services: cheque guarantee cards/automated teller machine cards	0.5 per cent of cards' nominal value
Group 4: Other Class 1 loans. Other Class 2 loans except equity mortgages	4 per cent	Services: foreign exchange	10 per cent of limit set for net exposure

BUILDING SOCIETIES—THE LEGAL FRAMEWORK

Building Societies Act 1986—limits on societies' new powers

Activity	Limit as proportion of assets
Class 1: fully Secured mortgage loans to home owners	At least 90 per cent
Class 2: all other loans on first or second mortgages	Together with Class 3, not more than 10 per cent
Class 3: other secured loans, unsecured loans, and activities such as acquiring estate agencies or insurance brokers	Not more than 5 per cent

Digital Research to open software centre

BY DAVID THOMAS

DIGITAL RESEARCH, the US software company, is to open a European software development centre in the UK. The move is another sign of US computer companies' growing interest in Europe where recession in the market has been less marked than in the US. Yesterday the company said the centre would demonstrate its confidence in micro-market growth in Europe.

The centre, at Hungerford, Berks, will operate from the end of this month. The company is planning to spend £1m on it in the first year and £1m more in the second.

Some industry analysts believe the company's software will feature in the IBM-compatible personal computer which Amstrad is expected to launch next month.

The centre will have four main functions developing new products; adapting US products for European use; installing software for customers; and evaluating software made by other companies, for possible adoption.

Mr Stephen Tucker, centre director, said: "Founding the centre is the most significant corporate development for Digital Research outside the US since the first European sales subsidiary was set up three-and-a-half years ago.

"Few US software companies have taken this step, going above and beyond straightforward sales and support in Europe.

"Over here the markets are disparate and we have a whole different set of demands to meet. Customers market, purchase and apply software differently. The best way to serve them is via a strong local presence well-tuned to their needs."

Motorcycle sales show fall in July

By John Griffiths

UK REGISTRATIONS of powered two-wheelers fell by 14 per cent in July compared with a year ago. Mopeds were the worst affected sector down by almost 20 per cent.

The Motor Cycle Association said yesterday, however, that it was encouraged by sales returns early this month. Like the car sector, August is normally the biggest sales month of the year for powered two-wheelers and the assciation said that after the first 10 days sales were only 1 per cent down on the corresponding period in 1985.

The association believes that the decline in the UK market, which has continued without respite since 1980, "is at last beginning to bottom out."

The July figures bring total two-wheeler registrations for the first 7 months of this year to 67,910, down 13 per cent on the 1985 period.

Treasury issues £500m of gilt-edged stock

BY GEORGE GRAHAM

THE GOVERNMENT yesterday issued another £500m of gilt-edged securities, following exhaustion of its outstanding gilts issues earlier in the week.

The new bonds, issued in additional tranches of three existing stocks, had been widely expected in the gilt-edged market and knocked only another ½ point off prices which had already been weakened earlier in the day as hopes of lower interest rates faded.

The Treasury issued to the Bank of England £200m of 11 per cent Exchequer 1990, £150m of 10 per cent Conversion 1996 and £150m of 9¾ per cent Treasury 2002, to become available for dealing on Tuesday, after the market holiday on Monday.

Dealers said the choice of stocks was broadly in line with expectations, although some stockbrokers had expected that the Government Broker might decide to issue another tranche of index-linked gilts, the capital value and interest payments of which are tied to the Retail Price Index.

This sector of the market has recently been relatively buoyant and the Government has sold three tranches of index-linked stock in the past four weeks.

The conventional gilts market, in contrast, had been overhung with the £800m tap stock 8½ per cent Treasury 2007. It had remained more expensive than the rest of the market since its creation in mid-July until the tap price was cut. The stock was finally exhausted this week.

The Bank of England also sold £200m of gilts to the National Debt Commissioners — £100m of 11 per cent Exchequer 1989 and £100m of 10½ per cent Exchequer 1997.

Fraud squad investigates funds move

By Clive Wolman

INVESTIGATIONS by the City of London fraud squad into an apparent attempt to steal $8.5m (£5.7m) from a large City stockbroker by manipulating its electronic funds transfer system has alerted several City firms to the need to tighten computer security.

The police view the affair as a possible data entry offence rather than fraud as there was no attempt to manipulate the computer software. Nor was there any attempt to erase the audit trail so that eventually the discrepancy could have been detected. A detailed knowledge of the workings of the system would have been required, and a few unusual steps were involved. But the police say that, but for slack security and complacency, the suspected operation would not have been possible.

Firms are being advised on ways to control access to their payments systems.

In recent years, City financial institutions have become highly aware of the risks of computer fraud, and computer security consultancies have been booming.

Chris Cragg writes: Scotland Yard's commercial branch is investigating an alleged £440,000 fraud on the Whitehall branch of Barclays Bank. The bank received a document directing it to send the money to three separate destinations in Europe and did so. The authorising signatures were found later to be forged.

The police and Barclays stressed the fraud did not involve the bank's computer system

Anglo-Dutch radar offered as alternative to Nimrod

BY DAVID BUCHAN

MEL, the Sussex-based Philips subsidiary, is offering an Anglo-Dutch radar in an Airbus airframe as an all-European alternative to the Nimrod early-warning system that GEC of the UK is trying to complete against strong competition from the US.

The British subsidiary of the Dutch electronics company has disclosed details of the bid it submitted to the Ministry of Defence last month, as rival lobbying intensified from the US contenders for the early-warning contract.

A feature of the lobbying is that big British defence contractors, enticed by the prospect of substantial offset work from a successful US bidder, have begun to take sides.

Babcock Power yesterday announced its support for the Lockheed bid to supply Britain with its P-3 airborne early-warning system.

Mr Martin Peters, Babcock's general sales manager, said the P-3 was cheaper than the Boeing Awacs aircraft and had more range than the Grumman E-2C Hawkeye.

Furthermore, Lockheed was offering up to 120 per cent of the value of the P-3 bid in offset work to British industry.

While Grumman and Boeing could only offer electronics and aerospace offset work to UK industry, Lockheed, he claimed, could offer work to heavy engineering companies like Babcock through its missile, shipbuilding and heavy aircraft activities.

Babcock already supplies Lockheed with Trident missile components as one of the very few foreign companies involved in the US missile programme.

MEL is one of three UK-based contenders for the AEW contract, presently held by GEC. The other two are Airship Industries and Pilatus- Britten-Norman, of the Isle of Wight, both of which are rated as long shots.

The MEL bid may re-awaken the issue of European-versus-US collaboration on arms which was such a feature of the tug-of-war over Westland helicopters.

MEL has been responsible for electronic surveillance systems in the Nimrod programme carried out by GEC. If, by next month, the MoD judges that GEC has not made enough progress on the radar and tracking system, MEL proposes retaining its own electronic surveillance system and GEC/Marconi communications equipment. It would also substitute a new radar developed with Hollandse Signaalapparaten (another Philips subsidiary) and put the whole in the A 320 Airbus, which is partly built in Britain.

MEL said it has had discussions with Messerschmidt-Bolkow-Blohm (MBB) of West Germany to fit its avionics into the Airbus.

This solution would exploit successful elements in the Nimrod programme, increase jobs in the UK, improve high-technology co-operation within the EEC and produce an affordable system suitable for future export, MEL claims.

Brae field stake sold to Dutch

By Lucy Kellaway

BRITISH Columbia Resources Investment Corporation, the Canadian natural resource company, agreed yesterday to sell its North Sea oil and gas interests to Dyas, a small Dutch oil company, for $125m (£84m).

The main asset being sold is a 7.7 per cent stake in the South Brae oilfield and is the latest in a stream of North Sea asset sales.

The purchaser marks Dyas's first big move into North Sea oil production. Dyas holds insignificant stakes in North Sea blocks, none of which produce oil.

The price paid is thought to reflect a fairly optimistic view of the oil price, and seems to value the reserves at about $18 to $20 a barrel. This compares with yesterday's price of about $14, and a low earlier this summer of below $9.

The South Brae field went into production in 1983, and has estimated reserves of 300m barrels, of which British Columbia Resources' share is about 23m barrels.

As part of the deal, Dyas has agreed to take on for at least six months the 15 employees of Westar UK, British Columbia's UK oil subsidiary.

Biotechnology trust reports record year

BY DAVID FISHLOCK, SCIENCE EDITOR

BIOTECHNOLOGY is a boom business with a tremendous future, said Lord Rothschild, the Cambridge biologist, reporting the best year yet in the five-year life of Biotechnology Investments, the N M Rothschild trust.

Last year Biotechnology Investments increased its net assets by 43 per cent to $138.6m (£92.4m) or $21 a share.

It was set up in 1981 with a capital of $46m.

"If we can do as well in the next five years as in the first five I shall be very happy," said Lord Rothschild, a director of N M Rothschild and the trust's chairman.

The increase in net assets was due mainly to the strong performance of its quoted and restricted investments, most of them in the US, where biotechnology companies generally have been performing well.

The trust, which specialises exclusively in biotechnology shares, made a profit of $13.5m last year by selling two-thirds of its investment in a single Californian company for about 30 times the original cost.

The company, Applied Biosystems, is the trust's main biotechnology success, but its value had become too big a share of its portfolio, said Lord Rothschild.

According to its latest annual report Biotechnology Investments still had shares of Applied Biosystems worth $6.9m on May 31.

Applied Biosystems specialises in novel gene-making and analytical tools used by genetic engineers in developing the latest biotechnological processes.

The trust also sold its investment in Genetic Systems when this company was acquired by Bristol Myers, and half its shares in Genentech. The two sales realised a profit of $6.4m.

Last year brought a rich harvest of proposals for investment in unquoted companies, totalling 97, beating the 92 in its first year.

Of these 63 came from the US, 26 from Britain, three from Australia and one apiece from Canada, Denmark, West Germany, the Netherlands and Sweden.

Of a total of 401 proposals for investment in unquoted shares it has invested in 37, nearly 10 per cent.

But Lord Rothschild warned that venture capital operations of this kind were "both long-term and risky, both for the investors and the financial advisers, who in this case have a 180-year-old reputation to maintain."


Lord Rothschild: warning of risk

Andrew Gowers on the background to an undertaking which pleased Brussels

Sweet words calm the bitter sugar war

THE BIG guns in the packet sugar war seem to have gone silent. British Sugar Corporation, the country's Peterborough-based sugar beet monopoly which is being investigated in Brussels for alleged abuse of its dominant market position, has this week come out with a broadly-based promise to behave itself in the future.

British Sugar does not admit it was doing anything wrong in the past, but the competition authorities in the European Commission have agreed to drop their threat of "interim measures"—effectively an injunction against the company.

Napier Brown, Britain's largest independent sugar merchant, with annual sales of more than £200m, which brought the complaint against British Sugar, is looking quietly pleased with itself. All would seem to be sweetness and light—for the moment.

The case, which leapt into the headlines this week, is complicated, but no less significant for that. Britain's retail sugar market is worth between £450m and £500m a year, and it has been riven by bitter price competition and mutual recriminations for as long as most people can remember.

The interim settlement which British Sugar's undertakings represents has far-reaching implications for the company's future. Its parent, S & W Berisford, the commodity trading and processing group, has been the subject of three takeover bids this year—from Hillsdown Holdings, the aggressive British food-to-furniture conglomerate, from Tate & Lyle, the cane refiner which is British Sugar's only major rival in the British market, and from Ferruzzi, the Italian agribusiness group.

Hillsdown has since dropped out and the other two bidders have found themselves referred to the Monopolies and Mergers Commission. Mr Ephraim Margulies, chairman of Berisford, has vowed to put his house in order to try to fight off all approaches. But while the authorities mull over the issues, all three parties are jockeying for position with undiminished energy. That is one context in which this week's Brussels statement can be seen.

The case also has important ramifications regarding the overall position of independent merchants in the British sugar market, in which competition is—in the words of the Monopolies Commission—"very restricted." As importers of sugar from the Continent into a market otherwise controlled by two big companies, the merchants have a pivotal role in ensuring the maintenance of the competition which exists.

Any threat to the existence of the merchants might be seen as an opportunity for the market leaders to tighten their grip.

The story goes back to the mid-1970s, when—according to a Monopolies Commission report published in 1981—independent British merchants started suspecting that British Sugar was trying to undermine their position, and to deal directly with key retail customers. In 1980, Napier Brown and several other British merchants complained to the European Commission that this constituted an abuse of British Sugar's monopoly.

That case is still pending.

The latest skirmish stems from last summer, when Napier Brown set up a join venture with Whitworths, another private company, to retail packet sugar under Whitworths' brand name. Prices for wholesale industrial sugars were sliding and the two companies were out to take advantage of what was seen as an exceptionally attractive premium for packet sugars over the industrial price.

UK SUGAR MARKET (in percentages)	
UK beet sugar (British Sugar)	44
Imported beet	6.8
Total cane (Tate & Lyle)	44
Sugar in processed products	5.2

The move undoubtedly constituted a direct incursion into a market which had been entirely under the thumb of the two majors, British Sugar and Tate & Lyle. The result, according to Napier Brown, was war.

A close observer of the market said: "Prices were kicked to death all round them to try and keep them out."

Napier Brown was not the only sufferer. Tate & Lyle, which was already working on extremely thin margins in its British cane refinining operations, has taken the price battle on the chin. In the half-year ended March 29, its pre-tax profits on British sugar refining dropped to a mere £200,000 from £4.8m in the same period a year earlier.

Towards the end of last year, Napier Brown stepped up its legal action within the European Commission, and last month the commission lent its qualified support to the case against British Sugar.

Brussels told British Sugar that, subject to its comments, it thought there was a prima facie case that the company had abused its dominant market position, and that the commission therefore intended to take interim measures against it. The seriousness of this statement is best judged by the fact that the commission can only make such a move when it feels an apparent breach of the competition rules is causing "irreparable harm" to the complainant.

The threat bore fruit in Thursday's commission statement. In it, British Sugar is quoted as giving undertakings to supply sugar to Napier Brown at prices approved by the commission and not to indulge in "conditional selling"—in other words, not to force its customers to boycott Whitworths' products.

Perhaps more significantly, the statement says: "British Sugar accepts the need for sugar merchants and believes that they have a useful role to perform in the UK market. British Sugar has no intention now or in the future of undertaking any pricing practice which may in any way damage the continued existence of the merchants."

The Commission and British Sugar's lawyers are at pains to point out that this does not imply an admission of blame by British Sugar. However, the heavy implication of the commission's statement is that it believes competition in the British market has been even more impaired than usual over the past year or so.

The company may be retreating from its aggressive market stance. Its new managing director, Mr Peter Jacobs, does not seem as committed to the aim of maximising market share at all costs as his predecessor, Mr Gordon Percival, who resigned two months ago after a row with Mr Margulies.

Ephraim Margulies: vowed to fight off all approaches

City analysts suggest that improving the performance of British Sugar is a crucial component in efforts by S. & W. Berisford to put itself in a stronger position in the face of takeover bids—and that essentially means improving prices in the British sugar market.

However, the commission has made clear that in the immediate future it is going to keep a very close eye on developments in Britain. That means that—even if British Sugar does not admit any wrongdoing—the company is regarded in Brussels as "on probation."

Talks on Wapping dispute to resume next week

BY HELEN HAGUE, LABOUR STAFF

NEWS INTERNATIONAL management will meet leaders of the print unions at the end of next week to seek a solution to the dispute at the company's plant at Wapping, east London, in which 5,500 print workers were sacked.

At a meeting between leaders of the five print unions and the company yesterday, Mr Bill O'Neill, News International's chief negoator, made it clear that the company's previous offer of £50m compensation was no longer on the table—and that the new round of talks would "start from square one."

The negotiations—the first since sacked print workers rejected the company's compensation offer in June—will take place immediately before the TUC Congress in Brighton.

At Congress the National Graphical Assocation has tabled a motion rejecting the general council's decision in February not to instruct the electricians union, the EETPU, to direct its members at the Wapping print plant to stop work. Mr Tony Dubbins, NGA general secretary, is expected to use the occasion to criticise the electricians' leadership for anti-trade union collusion in the run-up to the dispute.

If substantive talks are under way before Congress begins, it could take the heat out of the NGA's controversial motion, which some of the other unions in the conflict consider damaging.

Mr O'Neill has been given "full authority" by the company to conduct the talks. Neither Mr Rupert Murdoch, News International's chairman, nor Mr Bruce Matthews, managing director, will be present.

This negotiating round follows efforts by Mr Eric Hammond, EFTPU secretary, to get talks re-opened on behalf of the TUC and the other unions.

The unions tabled proposals yesterday which include claims for jobs inside Wapping, some form of recognition and compensation in excess of the rejected £50m. The company has not responded so far.

Ms Brenda Dean, general secretary of the print union, Sogat 82, said after the meeting that the fact that negotiations were being reopened was a "positive sign." She acknowledged that the company's previous offer was withdrawn. Since the membership had rejected that offer in a ballot, she would expect "something better" to resolve the dispute. It would be settled by negotiation, not through the courts, she added.

The union also want to discuss the future development of the company, which could provide a way open for jobs and recognition.

● The NGA has suspended its request to the TUC and the Labour Party to ban reporters from the Independent, the quality daily due to be launched in October, from covering their conferences next month.

The Conciliation service, Acas, is attempting to help find a solution to the NGA's claims for recognition at the paper's London offices, which prompted its call for the band.

Mr Dennis Boyd, Acas chief conciliator, was due to contact the company yesterday to seek to mediate at the print unions' request.

● Members of Sogat at Mr Robert Maxwell's Mirror Group Newspapers have rejected a 3.5 per cent pay claim and clauses in their house agreement which seek greater flexibility and a revised disputes procedure. They voted 1,356 against and 902 for the agreement.

The vote was seen as a pointer to the mood of Fleet Street chapels. The Sogat executive will meet on Tuesday — but early industrial action is seen as unlikely.

TUC vote for pay minimum expected

BY PHILIP BASSETT, LABOUR EDITOR

THE Trades Union Congress is likely to vote in favour of a statutory national minimum wage being introduced under a Labour government — even though the largest trade union, the Transport and General Workers', appears set to oppose the move.

Such a decision at the TUC Congress which convenes later next week would fully endorse the introduction of a statutory minimum by Labour if the party is returned to power at the next general election. In turn, this would have important implications for collective bargaining and for employers' wage costs.

Proponents of a statutory minimum wage policy are confident that the TUC-Labour Party document on the economy, which includes provision for a statutory minimum wage, will be endorsed by the Congress in Brighton.

They believe that enough unions support the composite resolution on low pay for it to be successful. At a grouping meeting yesterday, all unions involved except the electricians' union, EETPU, which will propose an amendment seeking rewards for skill, agreed to a composite motion to be moved by the public employees' union, Nupe, and seconded by the shopworkers' union, Usdaw.

Mr Garfield Davies, Usdaw general secretary, said after the meeting: "I am absolutely sure that the document being put to Congress will be passed. The composite proposition complements that, and I am quite sure it will be supported by the vast majority of trade unions."

Having satisfied themselves that the local government union Nalgo will vote for a statutory mimimum, supporters of the policy feel that the resolution will be carried, though with a smaller majority than for the document.

Though both the Labour Party and the TUC wished to avoid it, it looks as though the TGWU will join the EETPU in voting against the document.

In his clearest statement so far on the issue, Mr Ron Todd, TGWU general secretary, said that the document had resolved many of the union's reservations on a statutory minimum.

But he said: "It is well known that our biennial delegate conference is opposed to a statutory minimum. It may well be that I will be in a position of having to say that until I can go to my next conference—that's the situation I'm in."

TGWU to respond to jobs change

By Our Labour Editor

LEADERS of the Transport and General Workers' Union Yesterday reinforced the union's intention to respond to changes in the labour market, including the growth of temporary and part-time work, and the shift in employment from manufacturing services.

Indications from the TGWU leadership of new thinking along these lines have pleased senior Labour Party and TUC figures. A conference yesterday of the union's 515 officials from all over the country and its full executive will be further welcomed.

However, Mr Bill Morris, TGWU deputy general secretary, told the conference on campaigning and recruitment that while the union had to respond to changing conditions, it would hold to its basic stances.

He said: "Some unions see themselves as having a client/customer relationship with their members. While we believe we do not have to be professional, the basic ideology must remain."

Mr Eddie Haigh, assistant general secretary, told the conference—the main purpose of which was to hear officers' views on campaigning and recruitment—that the TGWU was looking for mergers with smaller unions, but that the TUC's Bridlington inter-union principles had to be rigidly maintained.

In a separate section of the conference on working for the return of a Labour government, the union's officers pledged to give a day's pay to the Trade Unionists for Labour campaign and to ask the union's 1.5m members to do the same.

Mr Ron Todd, TGWU general secretary, said it was vital for Labour that the general election campaign should get under way now—not four weeks before polling day.

He told the conference the TGWU had had a difficult year, mainly through rule and policy considerations. These stemmed in large part from close external scrutiny of the union

Shorts bans sectarian symbols from plant

FINANCIAL TIMES REPORTER

SHORT BROTHERS, the Belfast aircraft-manufacturers under pressure to act against alleged intimidation of Roman Catholic workers at its factory, yesterday ordered all flags, posters and political emblems to be removed from company workshops. Sir Philip Foreman, managing director and chairman, said anyone who refused would be disciplined.

This week Shorts called in the Royal Ulster Constabulary to investigate allegations of intimidation after time clock cards belonging to Roman Catholic workers disappeared and it was claimed by a group calling itself the People's Loyalist Committee that the cards belonged to IRA sympathisers.

The management said then that anyone found to be involved in what it called this very sinister development would be dismissed.

Yesterday, in a letter to all Short's 7,000 employees, Sir Philip said: "It is vital for the future of Shorts that we keep politics and sectarianism out of the workplace."

The company is pledged to a positive action programme to employ more Roman Catholics following criticism by the Northern Ireland Fair Employment Agency three years ago. Shorts says the proportion of its workforce which is Roman Catholic is about 10 per cent to 12 per cent.

The chairman's letter said: "It is vital for all of us in the company, and for the whole province, that we not only maintain our present business but develop further into the future.

"We must realise that intimidation puts all our jobs at risk as no customer will want to place orders with the company in which sectarian threats are a feature."

He said the company was committed to provide equality of opportunity in employment for all and to maintain an atmosphere free from intimidation and threats.

He ordered that any remaining flags, bunting, political posters or emblems should be removed immediately and not be replaced.

Sir Philip said: "I am well aware of the strong feeling which some people have on current political issues but the company's future and all of our jobs are at risk if we permit the factory to become a political campaigning ground, or if we allow any worker to be intimidated for his religious or political beliefs."

Shorts's move was welcomed yesterday by Mr Terry Carlin, northern officer of the Irish Congress of Trade Unions.

After the controversy blew up over the disappearance of the clock-cards Councillor Brian Feeney, for the mainly Roman Catholic Social Democratic and Labour Party, asked if the company was being run by Sir Philip or by the Protestant Ulster Defence Association.

Meanwhile, social security services in the province were disrupted yesterday as staff in more than 12 centres acted to resist intimidation following threatening telephone calls.

All staff at Lisburn social security office walked out on Wednesday following threats by the Protestant Ulster Freedom Fighters against Roman Catholic employees. They decided to return to work next Tuesday provided there was no more intimidation.

Offices in Newcastle, Co Down, and Carrick Fergus, Co Antrim, closed yesterday in response to threats to workers there. Social security offices in Armagh and Ballymena remained closed all day in support of Lisburn colleagues.

Officers in Portadown, Omagh, Magharasalt, Stravan, Londonderry and Lurgan also decided on a token shutdown yesterday afternoon.

Irish GNP 'will grow only 1%'

By Hugh Carnegy in Dublin

HOPES OF a strong improvement in the Irish Republic's economic performance this year sparked by cheaper oil prices will not be fulfilled, say summer forecasts by Coopers & Lybrand, the economic and management consultant.

In common with other countries, the impact of falling oil prices on growth has not been as great as expected. Coopers & Lybrand predicts a rise in gross national product of just 1 per cent this year, compared with its spring forecast of more than 3 per cent. There was zero growth in gross national product last year.

There is better news on inflation and the balance of payments deficit. Although the recent 8 per cent devaluation of the Irish punt within the European Monetary System means that the decline in inflation may slow, it should be about 3 per cent compared with 5.4 per cent last year.

The punt, in spite of the devaluation, is still at significantly higher levels than last year, especially against sterling, its main trading partner. The combination of this and lower oil prices should be to cut the balance of payments deficit from I£550m (£493.5m), or 3.6 per cent of gross national product, last year to less than I£100m.

Elsewhere the picture is glomier. Unemployment, at more than 17 per cent, is forecast to stabilise, but only if emigration continues at last year's rate of more than 30,000.

Exports and consumer and investment spending have all been at lower levels

Economic Review and Forecast of the Irish Economy, Summer 1986. Coopers & Lybrand, Fitzwilliam House, Wilton Place, Dublin 2.

Ulster employment 'lowest since 1960s'

BY CHRIS CRAGG

TOTAL EMPLOYMENT in Northern Ireland is lower than anyt ime since the early 1960s although the population has grown substantially since then. Half of those unemployed have been without a job for more than a year, and a recent forecast suggests that employment will fall by a further 6,000 by the end of 1986.

A report, by Coopers & Lybrand, the accountancy and management consultancy firm, points out that "officially recorded unemployment totals have now risen to levels where one quarter of the economically-active population is without work."

In the first half of 1986, confirmed redundancies reached 2,826 compared with 3,497 for the whole of 1985. Company liquidations will be 25 per cent up by the end of 1986, if they continue at the present rate.

The construction industry is experiencing acute difficulties. A reduction of £44m in the funds available to the Northern Ireland housing executive for 1986-87 has led to further cuts in new building activity.

The industry employs 60 per cent fewer people than it did in 1978 and has only 50 per cent of the output.

The report estimates the only 10,550 dwellings will be improved, rehabilitated and repaired in 1986-87 compared with 29,940 in 1985. The figure comprises both private and pubic-sector housing.

There are also indications that the once prosperous retail trade faces difficulties. New car registrations fell by 7.6 per cent in the first four months of 1986 compared with a decline of only 2.8 per cent in the whole of 1985.

The volume of hire-purchase credit extended fell by 0.9 per cent in the first quarter of 1986, compared with a decline of just under 2 per cent throughout 1985.

The report points out that there are significant demographic shifts away from Belfast and into the west of the province. High birth rates put a particular strain on the social and economic infrastructure in the west and central areas. However, in Belfast the population is ageing rapidly.

The report calculates that to cope with normal redundancy wastage and an increasing population over the next 10 years, the province needs to increase new jobs at the rate of 12,000 a year.

The Northern Ireland Economy, Mid-Year Review. Cooper & Lybrand (Northern Ireland), 108, Great Victoria St, Belfast BT2 7AX. £25.

Jaguar workers seek 8% and extra overtime pay

BY CHARLES LEADBEATER, LABOUR STAFF

TRADE UNION leaders of Jaguar Cars' 8,000 shopfloor workers presented the company yesterday with a claim for a pay increase of £20 a week, representing about an 8 per cent rise in shopfloor labour costs.

The unions also want pay differentials in the company's five-tier wage structure to be compressed, and extra overtime payments.

The claim contains a swingeing attack on performance-related pay. About a fifth of shopfloor workers' earnings consist of bonus payments.

The unions say this is too uncertain. They want a quarter of the bonus payments consolidated into basic pay, "where the effort-reward relationship should be properly reflected."

The unions reject the idea that workers are able to share in Jaguar's profits through a special share-option scheme. The value of shares is too open to speculation, and other factors

The union aim is for shopfloor workers to enjoy the same terms of employment as white-collar staff. This would give production workers longer holidays and more sick pay.

They asked for a reduction in the working week and introduction of three days' paternity leave.

APPOINTMENTS

Senior ICI post

Dr K. A. Taylor, research and technology manager, ICI Petrochemicals and plastics division, is appointed vice president, research and technology for ICI ADVANCED MATERIALS from October 1. Dr Taylor will have international responsibility for Advanced Materials' research and technology activties, embracing the US and Japan.

★

EUROP ASSISTANCE, the UK arm of the Europ Assistance Group has appointed Mr A. E. Dunlop its managing director.

★

Mr John Anderson has been appointed managing director of BRITISH ELECTRICITY INTERNATIONAL (BEI). Mr Anderson, who is currently deputy chairman of Southern Electricity, will take up his appointment on October 1.

★

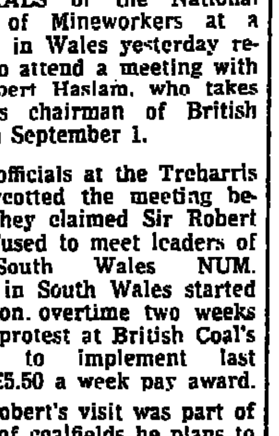
The CAYZER STEEL BOWATER HOLDINGS GROUP has appointed Mr R. E. Barcham group finance director. Mr Barcham has been appointed to the board of Cayzer Steel Bowater Holdings, its Lloyd's broking companies and other principal subsidiaries.

★

Mr William Allardyce, director food services, has been appointed to the board of CPC (UK).

★

SIMPSON READY FOODS has appointed Mr David Nickisson sales and marketing director. Previously national salesforce manager with Princes Foods, he succeeds Mr Tony Duffy, who is emigrating to Canada.



Mr John Hunt, manufacturing director of Yale Materials Handling

★

YALE MATERIALS HANDLING has appointed Mr John Hunt as the manufacturing director. He joins Yale from Midland Electrical Manufacturing Co, where he was site director.

★

MACDONALD MARTIN DISTILLERIES is to appoint Mr Neil McKerrow, managing director from January 1. He is director of sales and marketing. The present chairman and managing director, Mr D. W. A. Macdonald, will become executive chairman.

ECONOMIC DIARY

MONDAY: Soviet report on the Chernobyl disaster goes before the International Atomic Energy Authority in Vienna (until August 29). Non US and European Agriculture Ministers meet in Cairns to determine united stand against protectionism in advance of Gatt meeting.

TUESDAY: Conference of non-aligned states in Harare (until September 6). Financial Times holds conference "World aerospace to the end of the century" at the Hotel Inter-Continental, W1 (until August 28). US productivity and costs (second quarter).

WEDNESDAY: Balance of payments current account and overseas trade figures (July). Nordic Prime Ministers meet in Gothenburg (until August 29). Blue Circle interim results.

THURSDAY: Energy trends (June). New vehicle registrations (July). BP interim results. US index of leading indicators (July). The Robens Institute conference "Hazards in water — a national seminar to discuss the implications for human health of contaminants, of the water cycle" at the University of Surrey, Guildford.

FRIDAY: Company liquidity survey (second quarter). Sales and orders in the engineering industries (May). UN disarmament conference ends session in Geneva. Mr Jacques Chirac, French Prime Minister, begins visit to Noumea, New Caledonia. US single family home sales and advance report of merchandise trade (July).

NUM officials boycott visit by Haslam

By Our Labour Staff

OFFICIALS of the National Union of Mineworkers at a colliery in Wales yesterday refused to attend a meeting with Sir Robert Haslam, who takes over as chairman of British Coal on September 1.

The officials at the Treharris pit boycotted the meeting because they claimed Sir Robert had refused to meet leaders of the South Wales NUM. Miners in South Wales started a ban on overtime two weeks ago in protest at British Coal's refusal to implement last year's £5.50 a week pay award.

Sir Robert's visit was part of a tour of coalfields he plans to complete before he replaces Sir Iain MacGregor as chairman.

● About 200 NUM members at a Leicestershire pit went on strike yesterday after the union was evicted from a workplace office it used.

British Coal will only allow one union office per pit. It says the union no longer represents a majority of the miners at the colliery. But the NUM says it has 238 members, 12 more than its rival, the Union of Democratic Mineworkers.

BASE LENDING RATES

	%		%
ABN Bank	10	Exeter Trust Ltd.	10½
Allied Arab Bank Ltd	10	Financial & Gen. Sec	10
Allied Dunbar & Co	10	First Nat. Fin. Corp.	11
Allied Irish Bank	10	First Nat. Sec. Ltd	11
American Express Bk	10	● Robert Fleming & Co.	10
Amro Bank	10	Robert Fraser & Ptrs	11
Henry Ansbacher	10	Grindlays Bank	‡10
Associates Cap Corp	10	● Guinness Mahon	10
Banco de Bilbao	10	● Hambros Bank	10
Bank Hapoalim	10	Heritable & Gen. Trust	10
Bank Leumi (UK)	10	● Hill Samuel	§10
Bank Credit & Comm	10	C. Hoare & Co.	10
Bank of Cyprus	10	Hongkong & Shanghai	10
Bank of Ireland	10	Knowsley & Co. Ltd	10½
Bank of India	10	Lloyds Bank	10
Bank of Scotland	10	Maze Westpac Ltd.	10
Banque Belge Ltd	10	Meghraj & Sons Ltd	10
Barclays Bank	10	Midland Bank	10
Benchmark Trust Ltd	10	● Morgan Grenfell	10
Beneficial Trust Ltd	11	Mount Credit Corp. Ltd	10
Berliner Bank AG	10	National Bk. of Kuwait	10
Brit. Bk. of Mid. East	10	National Girobank	10
● Brown Shipley	10	National Westminster	10
CL Bank Nederland	10	Northern Bank Ltd.	10
Canada Permanent	10	Norwich Gen. Trust	10
Cayzer Ltd	10	PK Finans. Intl (UK)	10½
Cedar Holdings	11	Provincial Trust Ltd	11
● Charterhouse Bank	10	R. Raphael & Sons	10
Citibank NA	10	Roxburghe Guarantee	11
Citibank Savings	¶10¾	Royal Bank of Scotland	10
City Merchants Bank	10	Royal Trust Co. Canada	10
Clydesdale Bank	10	Standard Chartered	10
Comm. Bk. N. East	10	Trustee Savings Bank	10
Consolidated Credits	10	UDT Mortgage Express	¶10.5
Continental Trust Ltd.	10	United Bank of Kuwait	10
Co-operative Bank	*10	United Mizrahi Bank	10
The Cyprus Popular Bk	10	Westpac Banking Corp	10
Duncan Lawrie	10	Whiteaway Laidlaw	10½
E. T. Trust	11	Yorkshire Bank	10
Equatorial Tst Corp. plc	10		

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Saturday August 23 1986

Economies that need a nudge

A FEW MONTHS ago conventional wisdom held that world economic growth was set to accelerate in 1987. The pause in growth in many economies this year was unfortunate but temporary: given time the positive effects of the big fall in oil prices would feed through to final demand. This is probably still the consensus view but when forecasters return from holiday they may experience a frisson of doubt. The unexpectedly sharp downwards revision of US growth in the second quarter will more than wipe out any optimism generated by West Germany's stronger output figures.

The doubts about US prospects rest partly on a growing awareness of the limitations of monetary policy as a means of stimulating a flagging economy. Years ago, when — as now — inflation was low, these limitations were well understood; monetary policy was graphically likened to a piece of string. You can pull on the string to slow an economy but you cannot push on the string to speed it. With US interest rates at a nine-year low after no fewer than four cuts in the discount rate this year, Mr Paul Volcker, the Fed chairman, may justifiably be beginning to lose confidence in his piece of string.

Concern in Washington about the efficacy of US monetary policy finds an echo in other money centres. Tokyo and Bonn resist cuts in interest rates partly because they believe they would have no material effect on the world economy. The cost of money is already close to an all-time low. Japanese small savers, brought up to expect a poor return on their deposits, may soon wonder whether they will be obliged to pay banks to take their money. The same cannot, of course, be said in every economy. British interest rates, for example, are still high by historical standards and monetary policy retains its potency.

Sluggish growth

If interest rate cuts fail to provide much of a stimulus to either the US or world economy, the spotlight seems bound to return to fiscal policy. The US is the victim of an ironic twist of fate. A few years ago when the Reagan Administration claimed to be resolutely opposed to Keynesian economics, it was busy piling up the biggest budget deficit the world has ever seen. Now when the US Treasury stands almost alone in believing that the world economy needs an effective stimulus, the US is quite unable to deliver the goods. Instead, as the world's biggest debtor nation, it has to hope that Japan and West Germany will finally see fit to step on the accelerator.

Britain, it has to be said, is now in much the same position as the US. It retains the pile of net foreign assets accumulated during the heyday of North Sea oil but it looks as though it may soon run into a serious balance of payments constraint. The National Institute, which has a pretty reliable track record as a forecaster, predicts that the UK will run a current account deficit next year of nearly £6bn. This is in spite of sluggish growth of less than 2 per cent. Other forecasters will doubtless argue that this is too pessimistic but they can hardly deny that at current oil prices a British "dash for growth" would probably end in tears.

The strength of the argument for a loosening of fiscal policy in Japan and West Germany, beyond measures already promised, rests very much on the validity of the 1987 growth estimates. Are the recession fears circulating in Washington well founded? The prolonged softness of mineral and agricultural prices, which is pushing parts of the US and the whole of Australia towards bankruptcy, the chronic problems of the energy sector worldwide, and the weakness of the Gulf economies are all bearish signals. It may prove unwise to ignore these signs of trouble in the hope that the cut in the price of one commodity—oil—will somehow provide a net stimulus to the world economy.

Domestic savings

If the optimists about growth are correct, immediate action to stoke up the economy might be counter-productive; if they are wrong, however, the world could face a mini-recession. The safe course would seem to be modest action now which could be discontinued as soon as growth picks up. An additional factor is the fragility of the dollar: at the present rates of close to DM 2 and Y150, Japanese and West German exporters are facing an unaccustomed threat to competitiveness. Yet if nothing is done to ensure a pick up of growth outside the US, the scale of current account imbalances will ensure that the dollar falls still further. This would put more pressure on the D-Mark within the EMS.

Both the state of the world economy and the health of the dollar underline the need for greater co-operation between the three main trading blocs—the US, the EEC and Japan. This does not just mean co-ordination of interest rate cuts. The pressing need is to correct the savings to investment imbalances which are the counterparts of the external surpluses and deficits. The US must strive to boost its domestic savings and depress investment but it can only pursue such a policy safely if other major economies are prepared to take equal and opposite action. This is the challenge for Japan and West Germany.

UK AGRICULTURE

Victim of its own success

By Andrew Gowers

"AGRICULTURE," wrote an academic observer in the 1960s, "is two-faced. One face projects an image of efficiency second to none, the other of an industry, like the social services, requiring public support in order to exist."

As farmers gather in this year's cereals harvest, the contrast between the two faces looks more blatant in Britain than at any time since the Second World War — and certainly more stark than in other EEC countries.

On the one hand, farmers are assured by everyone from the Prime Minister downwards that their industry is an exemplary success story, involving impressive technological innovation, steeply rising labour productivity and a huge increase in UK food self-efficiency.

"A good many people forget that agriculture is Britain's basic industry. I do not," said Mrs Margaret Thatcher at a farmers' dinner last February. "This is not an industry in decline; the story of agriculture is the story of success."

On the other hand, official funding for agriculture is at record levels; indeed, the industry is subsidised to a piont which this Government, for one, would find intolerable in any of the more conventional nationalised industries. Support for farmers among the general public — aggravated by food mountains and the environmental depradations of intensive farming methods—is touching a nadir.

And the Government is struggling — whilst assuring farmers of its support for a healthy and prosperous farming industry—to swing the rest of the EEC behind the most restrictive agricultural pricing policy since Britain joined the Community in 1973.

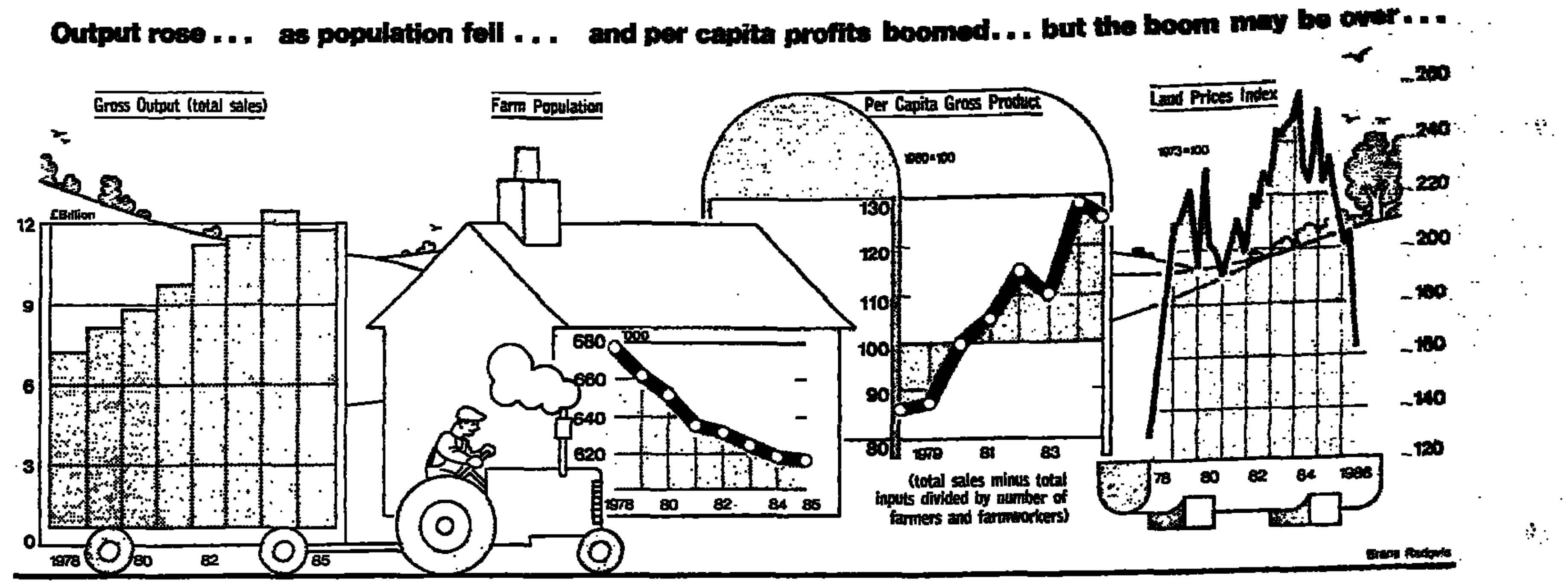
In short, British farming is at or near the end of one of the biggest eras of expansion and prosperity in its history. Not surprisingly, the farmers and landowners themselves are deeply confused. Their incomes dropped sharply last year (from admittedly bumper levels in 1984); they have been led to expect intensifying financial pressures in the next few years; and the price of land, their main assets and input, is on the slide.

Voices are increasingly heard in the land advocating more direct controls on the production of crops in surplus, either by introducing quotas like those clamped on milk output in 1984, or by forcibly or voluntarily removing land from production, or by encouraging farmers to adopt less intensive techniques.

Such moves to shift the emphasis of the EEC's Common Agricultural Policy (CAP) away from open-ended support for production and towards social and environmental objectives, fill many British farmers, who have been ideally-placed to cash in on the CAP's price support mechanisms, with foreboding.

They constitute at least as much of a psychological shock as an economic one, for they strike at the heart of the belief in efficiency, in maximising yields and cutting unit costs, which fuelled the industry's development since the 1950s.

"We face uncertainty overlaid not with hope, but with confusion," said Sir Richard Butler, the former president of the National Farmers' Union, in a valedictory address earlier this year. "We have responded to the exhortations of successive governments to produce more. We have produced more. We have saved imports and increased exports. And what has been our reward? To see the policy thrown suddenly into reverse by people with no memory for the past, no strategy for the present, and no vision for the future."



Source: Ministry of Agriculture

Ever since the war, but particularly since Britain joined the Community, farmers have indeed been urged by successive governments to boost production. And their response, spurred by artificially high CAP produce prices and by a proliferation of chemical and mechanical aids, has undoubtedly been impressive.

Agricultural production has expanded by one-fifth across the board. Britain now produces more than 80 per cent of its temperate food needs, compared with just over 60 per cent in 1973. The country—formerly a sizeable importer of grain, principally from North America—is now the world's sixth largest cereals exporter.

Productivity has shot up with technology

Even in the early 1980s, when Mr Peter Walker was Minister of Agriculture and the food surpluses were becoming more and more of a potential political embarrassment, the emphasis was on expansion. Larger and larger amounts of grain, meat and dairy produce could be produced from a similar area of land, fewer cows and a dwindling workforce.

Meanwhile, the number of farms and people employed on them has continued to decline, as men are replaced by machines, and crop growth is accelerated and enhanced by fertilisers.

In all this, Britain is unique in the European Community. The average size of British farms is well over double that of farms in its nearest rival on the Continent, Luxembourg. And that has had important implications for the way that British farmers have been able to benefit from EEC production subsidies.

The roots of this peculiarity in British agriculture lie deep in history. The enclosure acts of the 18th and 19th centuries ensured that farms in Britain were markedly larger than elsewhere; feudalism disappeared earlier in Britain than in many parts of the Continent; and industrialisation came early, smoothing the way for the consolidation of farms and the development of a more commercial style of agriculture.

The seeds were thus sown for a profit bonanza in British agriculture after the war which most Continental farmers could only dream about.

"When the economic environment of agriculture switched from depression to prosperity and protection during and after the Second World War, the agricultural industry was more receptive to 'improvement' and intensification," comments Mr Paul Cheshire, an agricultural economist at Reading University. "It was not a peasant or part-time agriculture but an entrepreneurial agriculture."

While the gross output (total sales) and gross product (total sales less total input purchases) of UK agriculture are actually little different now in real terms from what they were in 1946 those sales and profits are being divided among a much smaller number of farmers. As a result, net income per farm has increased markedly.

All this, of course, comes at a cost. The most obvious one is the spiralling public expenditure on agriculture in Britain. In the 1985-86 fiscal year, as a result of sharp increases in support buying of cereals, butter and beef, public spending (both by the EEC and directly by the UK Government) on British agriculture totalled £2.21bn — not far short of Whitehall's subsides to British Coal and British Rail put together.

However, it should not be supposed from the income figures that all farmers have been doing equally well out of the CAP. The aggregate figures mask a wide gap between different categories of farmers. Cereal farmers, concentrated largely in the east of the country, have benefited handsomely, while livestock and dairy farmers, chiefly in the west, are relatively poor.

"No wonder we see an east-west divide in the agricultural nation to match the north-south industrial divide," said Mr William Waldegrave, the junior environment minister, earlier this year. "And no wonder we see, on the one hand, the telltale signs of incipient agricultural depression in the livestock country matched by economic absurdity and damage from the over-production of cereals elsewhere."

The other costs are less visible, but have certainly been making themselves felt with increasing insistence over the past couple of years.

There is the movement of land prices, for example. The value of farmland rose at a dizzying pace during the 1970s as outside investors flocked to buy tangible assets to protect themselves from inflation. In fact, many economists believe that the main beneficiary of price support in agriculture is not the working farmer himself but the landowner, in the sense that it artificially boosts land prices.

"One of the paradoxical curiosities of price support is that its main effect is not to raise incomes but to raise land prices," writes Mr Cheshire of Reading University. "Put crudely it creates poor millionaires."

The knock-on effects are extremely serious. In the first place, inflated land values set farmers on a treadmill. If they have bought land at high prices, and particularly if they have done so by raising bank loans, they are forced to produce to the maximum in order to service their debts. That, in turn, has an important influence on their farming practices, as they work to squeeze every last drop of productivity out of the land.

The evidence is clearly to be seen—and often complained about by conservationists—in the British countryside. Hedges have been ripped out because they represent essentially unproductive land. Capital equipment—bought with grants or written off against tax — has

Farmers can no longer produce their way to profit

been substituted for labour. Fields have got larger to make way for bigger machines. Farms have become more specialised in order to generate economies of scale. Nitrogenous fertilisers have been applied in increasing quantities in order to boost throughput, and chemical sprays have been developed which allow farmers to dispense with crop rotation.

It can be argued that all these developments stem from the translation of high support prices for cereal production into high prices for arable land.

Support prices are now being reduced — by at least 7 per cent for cereals in Britain this year—and land prices have swung into reverse. According to the Country Landowners Association, farmland is now at its lowest price since 1978. It estimates that the slump has wiped £2.65bn off the total value of owner-occupied farms in England in the last three months alone.

The result is unlikely to be of immediate benefit to the rural environment, whatever damage rising land prices may have done. What it certainly will do is create increasing strains in farm balance sheets by reducing the value of their collateral. Farmers' bank borrowings rose by 12 per cent in 1984 and a further 5 per cent last year. Some heavily borrowed farmers, particularly in the dairying regions, have already encountered serious difficulties.

However, it is too early to speak of any incipient financial crunch along the lines of which many American farmers have been suffering for the last couple of years.

couple of years. A considerable number of British arable farmers could withstand a good deal more price pressure than now seems on the cards.

More worrying for the majority of British farmers, though, is the fact that—with world agricultural markets glutted, official grain and cold stores bulging and the EEC budget under unremitting pressure—they simply will not have the option for much longer of producing their way out of trouble and into profit.

Mr Michael Jopling, the current Agriculture Minister, talks of keeping up the price pressure for years, and of bribing farmers on marginal land who find the strain intolerable not to produce at all. Although he is trying to resist more radical attempts on the Continent to shift the balance of funding towards small farmers, his ministry is launching a bevy of environmental initiatives under which farmers will be rewarded with grants for farming in less intensive, and therefore less productive, ways.

And the National Farmers' Union, for its part, believes that EEC cereal farmers will be confronted with mandatory output restrictions within three years. The question confounding the farmers is: what are they expected to put in the place of their hallowed "efficiency."?

Man in the News

Paul Keating

The one authentic star in Hawke's Cabinet

By Michael Thompson-Noel

IN THE Cut-Rate Kingdom, a novel of political intrigue in wartime Canberra, Thomas Keneally describes the Parliament House chamber panelled in hardwoods and upholstered in red plush where the Australian House of Representatives sits. Outside, says Keneally, there are Aboriginal hills (which happen to be breast-shaped) that brood on this plain, white, modest, "most plebeian of all parliaments."

As it was in 1942, so it is today, to the extent—it could be said—that at least half the members of the current Australian Cabinet appear to have stepped from the pages of a novel. They are effortlessly colourful. Of them all, the most abrasive and richly-etched is the 42-year-old Treasurer (finance minister), Mr Paul Keating, who in Canberra this week delivered a punishing budget aimed at knocking a modicum of sense into Australia's profligate economy.

In many ways, Mr Keating is the one authentic star of Mr Bob Hawke's Labor Government, which has ruled since 1983. The possibility of it reigning much longer may easily depend on whether the urgency of this week's budgetary measures can be conveyed to an electorate that judges most issues through a prism of greed.

If Australia can take its medicine, Mr Hawke may yet win a third election, which would be excellent for Mr Keating who is still regarded as the leader's heir whatever their recent bickerings.

If Australians reject their medicine, then Labor will certainly exit, pitching Mr Keating once more into exile, as in December 1975, when the government of Mr Gough Whitlam, in which Mr Keating served briefly as a minister, was sacked by Governor-General Kerr.

Mr Keating was always hurrying. The son of a boilermaker, he left school at 14 and was soon making a name for himself in Australia's roughest political academy, the Labor Party machine in New South Wales.

To this day, Paul Keating is one of the federal Labor Party's best tacticians and shrewdest number-crunchers—a man whose itch for the jugular is matched by one of the sharpest tongues in Canberra. On a good day in the House of Representatives, Mr Keating lectures his opponents with Olympian derision.

But there is more to the Treasurer than naked ambition and lavatorial wit. In common with Mr Hawke, he exudes more style than all of the opposition Liberal-National Party front bench combined. He dresses as suavely as a banker, has accumulated admirable personal wealth (partly through real estate deals—he is an expert on Sydney's harbourside), collects Napoleonic clocks ("Stick to the First Empire"), performs well on television, and hobnobs pleasantly with the mining magnates and other commodity barons whose travails, at present, are one of the root causes of the Australian sickness, along with the hedonism that flourishes unchecked under such an azure sky.

At least until recently, the owners of Australian business wouldn't hear a word against him.

This ability to win the barons' trust — to help demonstrate that the Hawke Government was determined not to repeat the gothic follies of the Whitlam years — was complemented by Labor's pioneering pay pact with the unions, and by Mr Keating's own boundless enthusiasm for pushing through reforms: floating the dollar, liberalising the financial markets, and welcoming in a squad of foreign banks.

The economy prospered. The stock market soared. The unions sheathed their claws.

As recently as a year ago, Mr Keating was harping on the Government's successes. He described his third budget, last August, as a budget for growth, and brushed aside suggestions by a leading expert, Prof Fred Gruen, that Australia might have to turn to the IMF for help because of the Lucky Country's ballooning foreign debt.

Then it all got seedy, as well it might, given Australia's chronic dependence on farm and mineral exports, and the way in which commodity prices and the twists and turns of trade have continued to buffet an isolated economy which has benefited from no worthwhile rejigging for many a decade. Japan treats it like a quarry, extracting low-priced minerals and sending, in return, vast quantities of consumer goods to nourish the Australian dream. The US condescends to it, and South-East Asia, which is not unproximate, almost ignores it. New Zealand beats it at cricket, which hurts most of all.

In this week's budget, Mr Keating owned up to the severity of Australia's predicament by announcing a hoped-for reduction in the budget deficit from A$5.7bn (£2.3bn) in 1985-86 to A$3.5bn (projected as 1.4 per cent of expected GDP). For the first time since the 1950s, there is no real growth in projected government expenditure. That is exactly as it should be

Yet the most startling news from Canberra this week was the decision to resume sales of uranium to France, which regularly infuriates opinion in the South Pacific by conducting nuclear weapons tests there. If there is one thing that could reactivate the fury of Labor's left, it is this decision.

In the long term, Mr Keating will probably make an excellent prime minister. In the medium term, he is no doubt praying for an upturn in world commodity markets, for a slackening in the punishment to Australia's terms of trade and for a sign that the poor little rich country whose economy he manages is about to enjoy one of those strokes of luck that have saved its bacon at unpredictable intervals over the past two centuries. In the short term he is probably polishing his Napoleonic clocks.

COUNTDOWN TO CHERNOBYL

The 'scram' that failed

By David Fishlock, Science Editor

UNG physicist was handed
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hus the term "scram"
ered the nuclear vocabulary
the fast shutdown of a
clear reactor in danger of
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actor has a scram button
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c. But at Chernobyl last
pril the scram button failed.
ne runaway reactor was
ready too far out of control.

In a remarkably frank document, the like of which has probably never been released before by the Soviet Government, we now have a detailed account of events during the last half-day in the life of Chernobyl No. 4 nuclear reactor. Those events blasted an intensely radioactive jet-stream nearly a mile into the sky. Two people were killed immediately and 108 put in hospital by dawn. Some 135,000 people were evacuated.

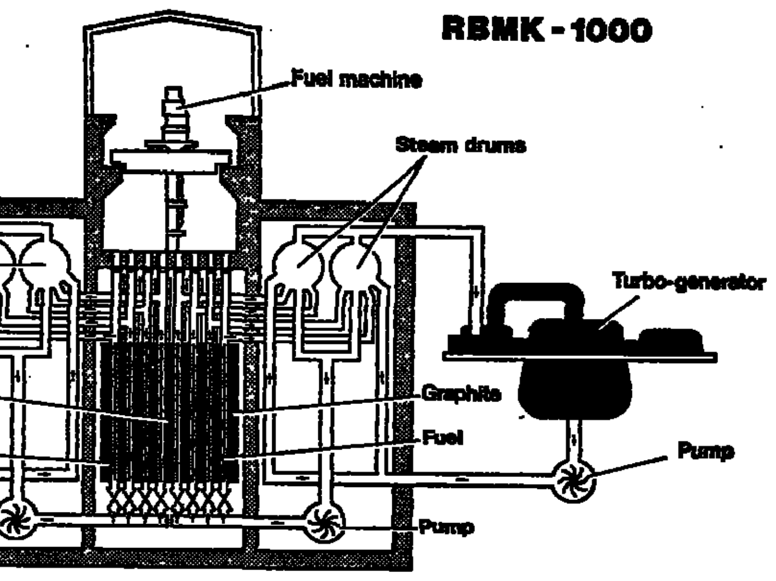
No Hollywood scriptwriter ever imagined a scenario so bizarre as the sequence of blunders perpetrated by the Chernobyl staff as the May Day national Soviet holiday weekend drew near. Although the popular mythology of the "China syndrome" has it that "meltdown" is the ultimate in nuclear disasters, Chernobyl proved clearly that worse things can happen.

The nuclear fuel at Chernobyl never melted — the Soviets stress this point—but disintegrated into fine fragments of white-hot ceramic which proved still more deadly. They reacted rapidly with boiling water to cause a violent steam explosion which cracked open the reactor, exposing the world to its radiation.

In flat, unemotional prose heavily laced with a jargon unfamiliar to Western experts, the report describes a sequence of errors and violations of safe practice believable only because the consequences were so evident. It began at lunchtime on April 25 with a programme of tests which the official Soviet inquiry says was "not properly prepared and had not received requisite approval." The shift supervisor was an electrical engineer unversed in the reactor's idiosyncrasies.

Virtually every move he and his staff made for the next 12 hours progressively reduced the safety of the reactor until, in a frantic few seconds early next morning, he ordered "scram."

The report, which will serve as the working document for a big assembly of nuclear experts to conduct a "post mortem" in Vienna next week, contains little to restore public faith in nuclear power, but much that may help convince the West of a new openness in Soviet society. It describes in minute detail—200 pages—a reactor which hitherto has been kept a close secret, mainly because it was designed originally to make plutonium for Soviet nuclear weapons.



On the fateful Friday 176 people were working at the nuclear station, and 286 construction workers were building another pair of nuclear reactors about 1.5 km away. Chernobyl's plant management began a planned shutdown of the No 4 unit, an RBMK-1000 reactor of unique Soviet design. The management wanted to take advantage of the shutdown to make certain safety-related tests.

When a big steam turbogenerator is shut down—that is, when its steam supply is shut off—it freewheels like a flywheel for many seconds. Electricity can be tapped while it is still spinning, although the more that is taken, the faster it will be braked.

The Soviet nuclear engineers apparently treat this "coast-down" energy as a potential emergency supply, should both the reactor and local grid supplies fail simultaneously, for example. The Soviet grid is known to be less reliable than those of developed Western countries.

Previous tests at Chernobyl had suggested that, as a source of power to keep one of the reactor's big cooling pumps running for a while, a voltage regulator was needed to help maintain enough volts. The Chernobyl management planned to test such equipment. The accident report admits that the test programme had undergone only a perfunctory safety review.

At 1 pm on Friday Chernobyl's operators began to shut down the big reactor, halving the power and halting one of its two turbines. An hour later they switched off the reactor's emergency core cooling system, its final defence should all other sources of reactor cooling fail. Apparently it would have hampered the test. This proved a fatal error.

But just as the test programme was under way, the operators were asked to keep supplying power to the grid to meet unexpected demand. They continued to run the reactor at half-power, using one turbogenerator—but with the emergency cooling switched off.

Not until 11 that night were they able to resume their test programme. Thereafter, every move seems to show evidence of haste. They attempted to reduce reactor power to one-quarter but lost control and it slumped to 1 per cent. It took them until 1 am on Saturday to boost the reactor back to a steady 200 Mw of heat, still only a quarter of that required.

Because power had fallen so low, an idiosyncrasy of the RBMK reactor asserted itself. At low power levels the fuel accumulates a "poison" which strongly absorbs neutrons and makes it difficult either to raise the power level or indeed to control the reactor at all. The poison, the gas xenon, will disperse naturally—over a couple of days. But in the haste, the operators elected to continue the test programme at 200 instead of 700-1,000 Mw.

At this stage they had six of the eight big pumps running, forcing cooling water through the core. They switched on two more — another violation of safety instructions. They now had no reserve and so much water thundered through the reactor that there was a danger of damage to its plumbing.

A few minutes later the operators spotted trouble in the steam drum separating water from high-pressure steam. To compensate they opened feed-water valves but this worsened the situation and they began to lose control again.

The reactor was poisoned. Tense minutes were spent struggling to regain control of a reactor which was maddeningly sluggish in its response. Then another crucial error was made when operators over-rode a further safety barrier, to prevent the reactor automatically shutting down.

The Soviet account of the final few moments is couched very carefully. In a few terse phrases, compiled from "black box" recordings and computer simulations derived from these records. At 1.30 and 40 seconds the shift supervisor ordered "scram." But something in the reactor — perhaps distortion due to water hammer — prevented immediate shutdown. In three seconds power surged from 200 to 540 Mw, generating more steam, which drove the reactor still faster out of control. The emergency core cooling system which might have saved the day, had been off for over nine hours.

No Western analyst ever envisaged a scenario caused, to quote the Soviet report, by a "set of premeditated diversions" of the safety barriers and violations of operating rules.

Right after the scram came two explosions from the reactor. They are believed to have been "steam explosions" — violent eruptions caused when the overheated fuel disintegrated, blasting white-hot particles into boiling water.

Soviet simulations show that explosive amounts of energy can be released in this way. The steam explosions destroyed the reactor and opened the concrete vault which seals in its radiation. Eyewitnesses describe a firework display of glowing cinders erupting from the reactor.

Hydrogen, produced when the overheated zirconium plumbing is attacked by steam, escaped through the breach to mix with air above the reactor. The incandescent cinders ignited this highly explosive mixture, starting more than 30 fires round the plant. Several tonnes of radioactive fuel may have been discharged, mostly in the initial eruption, but continuing until May 10 when the breach was finally sealed by some 5,000 tonnes of boron, dolomite, sand, clay and lead.

The way the Soviet authorities have laid almost all the blame upon plant operators and supervision and its "premeditated" errors is bound to raise questions in the West. Already, however, there are tacit admissions from Moscow of mistakes at higher levels; Dr V. S. Yemelyanov, who designed the RBMK reactor, and Mr Yevgeney Kulov, chairman of the state committee for the safety of the atomic power industry, who was in effect the Government's chief nuclear inspector, were both sacked last month.

The biggest challenge for Western nuclear experts next week may be to convince their own governments that "human error" is not just a convenient way of evading blame which the entire nuclear industry must share, after the accident they believed could never happen.

The economist as detective hero

By Samuel Brittan

CAN ECONOMICS help the detective to find the murderer? Or can a detective story help to teach elementary economics?

These questions are raised by The Fatal Equilibrium, by "Marshall Jevons" (published by MIT, Cambridge and London). Marshall Jevons is not only a pseudonym but a pseudonym for two economic professors—William Breit and Kenneth Elzinga—pictured on the dust cover aboard the QE2.

The publishers tell us that an earlier volume by the same team, Murder at the Margin, "achieved a cult following." (Ask a publisher to translate this statement.) But I am afraid I did not find the cult in places like the US Treasury or Federal Reserve or in the New York financial community. If the cult exists, it must be in the campuses.

Indeed, the detective hero is an economics professor, Henry Spearman—a "short, balding professor" normally jovial, but who inserts his academic speciality into every nook and cranny of life, and dislikes tactful restraint, believing that "illogical statements always require correction." In case you have not yet guessed the model for Henry Spearman, there is Milton Friedman's accolade for the book on the back page.

But it is a slightly younger Friedman — not the monetarist, but the exponent of microeconomics, who uses the principles of utility maximisation and choice at the margin to explain every detail of everyday relief in this book.

The first death — apparently suicide — is of a brilliant young economist, Denis Gossen, who is not granted "tenure" at Harvard. "Tenure" is the magic word which explains the real aim of the mass of jargonised papers which cross an economic journalist's desk. Gossen's death is followed by that of two full professors — mercifully not economists.

The clue to the mystery turns, of course, on prices. Would you expect the price of yams to vary more or less than the price of canoes on a primitive island, given that canoes take more of a typical islander's income than yams? I am not going to tell you. But think very carefully. For if you put the wrong answer in a book, a Spearman disciple who has never strayed beyond the Rockies will be able to unmask you as a charlatan. And Harvard professors will evidently kill each other or even themselves to escape such exposure.

But the main interest of the book—as in most donnish detective stories, eg. our own "Michael Innes"—lies not in solving the murder, but in the incidental observations: in this case, Henry Spearman's table talk.

One example is his explanation of why, when Coke bottles are dispensed in a machine, you can get only the one you paid for, while when you put in a coin for the New York Times, the entire stock of newspapers is exposed. This is because once you have one copy of the New York Times, the marginal utility of additional copies diminishes rapidly, while that of bottles of Coke diminishes much more slowly, as you can take extra ones home and put them in the freezer. I can also add a further gloss. Apparently people do sometimes take several copies of the Financial Times from stands in the US and resell them. Why the difference between the two papers? Try to guess.

The mystery's clue turns, of course, on prices. Would those of yams vary more than those of canoes on a primitive island?

And why do you eat more on the QE2 than in Cambridge, Mass? Not just because of the quality of the food, or because there is nothing else to do, but because the fare includes the food. You therefore carry on eating until the marginal utility of another bite is zero.

Like Spearman's colleagues in other disciplines, I can never make up my mind whether such applications are enlightening or simply state more elaborately what many people innocent of academic economics can work out for themselves.

For instance, Spearman knows that a person takes his own life when the discounted lifetime utility remaining to him is negative. Nevertheless, he is unhappy with suicide as it does not fit in with the textbook idea of marginal adjustments rather than big leaps. I am never sure whether I am laughing with, or at, the authors. It is a little shamefacedly that I admit I could not put the book down.

Can the economic calculus help one to understand the non-business aspects of life? It can probably do so in politics, where the assumption that politicians are utility maximisers is often more helpful than the pious view that they are the bearers of abstract principles of human enlightenment. But it is difficult to generalise about the politician's "utility function" and fatal to ignore David Hume's dictum that in the end the world is driven by opinion and nothing else.

But in most aspects of personal life, I am dubious that formal economics can help, if only because the specifics are usually far more important than the formal equilibrium conditions.

My final question is whether the microeconomics of "Henry Spearman" can help on the questions of unemployment, pay, prices and exchange rates, on which the public expect economists to pronounce. There is a possible application. The more you have of one benefit relative to another, the more its utility diminishes. Thus the nearer you are to stable prices, the less important becomes counter-inflation; and the worse your unemployment, the more important it is to promote more jobs relative to other objectives.

The real-life Friedman might, however, say that the issue is wrongly posed, because there is no long-term trade-off between employment and price stability. To which the doubters will ask about the short-term and whether it can feed into the long-term ("Hysteresis" it is called.) And is not the outcome different if you discuss, not just trade-offs, but the balance of risks?

Thus macroeconomics is in a mess, while microeconomics is often banal and tautologous. The one thing that restores my faith is the utterances of non-economists, which are on average even worse.

Letters to the Editor

Culprits in the food chain

From Professor K. Thomson.

Sir,—In the final paragraph of his article on nitrogen in farming, John Cherrington (August 12) leaps from the rather particular to the very general, and wishes "to set professional economists the task of devising a distribution system to satisfy the world's appetite. Farmers have performed their task of food production most admirably. It is time the distribution sector did as well."

In fact, sources as different as Reading University, the OECD in Paris and the International Food Policy Research Institute in the United States have all published material on the food distribution systems at home and abroad, and the issues are quite well understood. These include the role of multi-national trading companies, technical developments in industry, and behavioural shifts in consumer demand. It has proved hard to pin down economic inefficiencies in liberal market systems, although easy to perceive inequities between groups favoured differently in terms of asset possession and government attention. In Britain, for example, intense competition between powerful retailer groups has certainly altered distribution systems, but overall consumer gains have been substantial, though not fully shared by some groups, such as the less mobile. In developing countries, the consensus is that lack of purchasing power, rather than any defects peculiar to the global or local food distribution system, underlies inadequate nutritional levels.

Worldwide, the main culprits preventing more easily available food supplies appear to be national agricultural policies (including the CAP) geared to the support of domestic farm incomes in developed countries and the maintenance of low urban food prices via control of commodity marketing chains in many developing ones. Adaptation of the CAP and similar policies will be along domestic social and perhaps environmental lines, and cannot be divorced from production issues.

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Charging for a Press release

From Mr J. Perry

Sir,—Mr Walters's letter (August 16) on charges for Office of Fair Trading press releases is highly misleading.

Our press releases are produced for the news media. We were aware that a large number of non-media interests — companies, trade associations, stockbrokers, banks, solicitors, libraries, etc — wished to obtain copies of our press releases, but we could not afford to supply these free to an ever-growing non-press mailing list. So following competitive tender, we licensed a commercial press notice print and distribution agency to sell our press notices to non-media subscribers. The price charged is a matter entirely for the agency's commercial judgment, and Mr Walters's purchase a matter for his choice, but he will doubtless appreciate that, as in many other cases, a one-off purchase tends to be more expensive than a subscription, both for the supplier and the purchaser. And these days information has a market value—which is why the Financial Times and other newspapers are not given away free!

John Perry
(Chief Information Officer).
OFT,
Field House,
Bream's Buildings, EC4.

Goldfish bowl

From Mr G. Weare

Sir,—With reference to the anonymous Lloyd's underwriter's criticism of the new Lloyd's building (August 18) I am tempted to suggest that he forgoes the "crates of Perrier" thus avoiding the necessity of quite so many 15-minute journeys to the "members toilet"! I do not, however, wish to trivialise his complaints.

I must admit I do not spend all day in the new building but neither I nor my company associates avoid it for any specific reason other than commercial necessity. I like it! I find the design practical and, while I do not always subscribe to the theory, in this instance I feel "bigger is better."

I have worked in both the old and the new buildings and would point out that three floors were utilised in the old — not two — although my anonymous colleague may not have been aware of the discomfort of doing business in the basement area known affectionately as the yellow submarine!

Yes there are problems with lifts, escalators and air-conditioning — quite revolutionary for a salt mine really — but those are practical matters which can be resolved. Lloyd's was and still is a market place. From the origins in Edward Lloyd's coffee house to the arrival in today's building the actual location has been secondary to the product. Artistic critique of the design and gripes about German glass and Italian toilets are all very well but while the Germans and Italians still place substantial amounts of their insurance in Lloyd's and the London market then we cannot be doing too badly.

It is up to all concerned at Lloyd's to make the whole system work. That includes domestic nuts and bolts as well as international strategy. I sympathise with my somewhat disenchanted colleague but can assure him that at least as far as I am concerned the new building is most definitely Lloyd's

Glyn A. Weare.
19 Linton Gardens,
Beckton, E6

Unhappy at Lloyd's

From Mr J. Platford

Sir,—I would like to endorse the comments my Lloyd's underwriting colleague made in his interview with Mira Bar-Hillel (August 18) and I am quite certain that many of my contemporaries in the market share this opinion of our new building.

Underwriting members are well placed to withstand the shocks of the physical catastrophes that our planet produces from time to time, yet a man-made one such as this is indeed hard to swallow. Lloyd's, despite its recent scandals, is still an establishment of international repute and was possibly best placed to give the City an outstanding new building which its members would have been proud to show off to its many international clients and friends. There are still many of us who looked in pride at the opening of our 1958 building, now a sad ghost to haunt us across Lime Street of better things that have not materialised.

Many of us working in the Lloyd's community have been fortunate to travel extensively and have seen first hand the many beautiful new buildings constructed in other major cities around the world, not forgetting, of course, those already built in this country. Then why, we ask, was this outrageous building conceived, let alone built, completely out of character with the City and certainly not reflecting the image of Lloyd's, nor I imagine, the approval of the majority of its members, although the interview does recall that a "secret ballot" gave it an 8 to 2 majority—where are those accepting members? Certainly not among many of my contemporaries who have now worked in three Lloyd's buildings.

I would not wish to bore readers by adding to the list of faults already highlighted by my colleague. Perhaps the ugly exterior appearance of the building could have been digested had the interior proved to be both functional and attractive, but that it is not and, frankly, it will be even less palatable when the busy season arrives and with it an increase in brokers using the market. Its purpose was primarily to house a high technology operation: so well designed that there are no public telephones in the building and the communication satellites include stone shelves built at 40 degree angles without retaining ledge, supposedly to hold brokers' papers while phoning, yet functioning like a mini cresta run. What of the Captain's Room and coffee lounge, once a place of elegance and peaceful atmosphere to proudly entertain important clients and good friends; it now more closely resembles the *cafeteria* of a well known London railway station and certainly a place to avoid for peaceful conversation and dining.

What are the solutions? Well it is too expensive to use as a car park, best suited to its design, so we shall all have to work harder so as to outgrow it in record time. Sadly I may not see its replacement in my working days, but I hope sincerely that major improvements can be made to make it more like the Lloyd's we have all known and loved.

John Platford.
5, Hawthorne Close,
Bickley, Kent.

Taxing Finance Act

From Mr J. Gibbs

Sir,—Mr Tallon's letter (August 19) reminded me that I had once called on HMSO in Glasgow prior to emigrating from Rhodesia to the UK. It was 1968 and I was naive enough to think that I should take a copy of the Finance Act back with me so that when I eventually arrived in the UK I would understand the tax law. After 10 minutes the helpful attendant returned and asked whether I possessed a wheelbarrow and £18 2s 6d. I was baffled until he explained that the original act was passed in the late 19th century and ever since it had been altered and amended.

Having lived in Rhodesia where it was possible to read and understand each annual tax bill in an afternoon I could not believe that a civilised nation could make such a stupid mistake. Indeed, in 1968 or thereabouts I read both the Annual Tax Act and the new Estate Duty Act in an afternoon and had time to telephone an MP to alert him to an obvious mistake in the latter. I was not brilliant; the acts (or as they were at that stage bills) were *utterly clear and simple.*

Shortly after I arrived in Britain to settle here I realised that one would have to have a lawyer Chancellor if one was ever going to achieve the simplification that is required. Sadly Sir Geoffrey Howe was not that animal but I do hope that some time soon we will have a Chancellor of real vision and determination who will be able to clear the decks.

It is, after all, far better to spend the weekend wrestling with the garden and planting trees than trying to complete and understand one's tax returns — and think of the savings in trees that would be achieved if it was simplified!

Jeremy Gibbs.
Upper Kennards,
Leigh, Kent.

Designer pension schemes

From Mr D. Hall

Sir,—I see that since correspondence on the subject of pensions began as long ago as July 29, the title has changed from "design of" to "designer." Perhaps this happened by accident and the new "up-market" title was unintended.

Be that as it may, there is a tendency for some "pension scheme designers" (Mr Greener, August 16) to hide behind the complexities of a complicated structure the inherent deficiency of the money purchase approach. Why this should be so escapes me unless it is simply the wish to present what appears to be a new fashion as a selling ploy.

In the rag trade, new fashions are usually those of some previous generation. That's certainly the case with money purchase in the "designer" world of pensions!

D. T. Hall,
Stewart Wrightson Benefit Consultancy,
Kingston Bridge House,
Church Grove,
Kingston upon Thames, Surrey

Williams may launch bid for LMI

BY CHARLES BATCHELOR

Williams Holdings, one of the most active of the mini engineering conglomerates to emerge in recent years, announced yesterday that it may shortly make an agreed bid *worth more than £53m for* **London & Midland Industrials** (LMI), an industrial holding group.

Stock market speculation had boosted LMI's share price by 15p to 213p over the previous two days and forced the two companies to make an early announcement that they were in merger discussions. Williams *planned to bid "at a modest* premium to LMI's current market capitalisation."

This would be Williams' sixth takeover bid in the space of nine months. Four of the bids—for Duport, Rawlplug, Spencer Clark Metal Industries and Fairey Engineering — were agreed but the fifth, a hostile bid for McKechnie Brothers, was unsuccessful.

LMI, on the other hand, has failed to clinch its two most recent takeover attempts and in June reported a slight fall in profits to £7.16m in the year ended March 1986 from £7.73m the year before. A £44m bid for Allied Textile Companies failed in June 1985 while a £9m bid for Hoskins and Horton was defeated in February 1985.

Williams and LMI have a link through Williams' chairman, Mr Nigel Rudd, who formerly handled acquisitions for LMI. They have been in talks for several months following an approach from LMI. Mr Brian McGowan, Williams' managing director said.

LMI makes pre-fabricated concrete buildings under the Compton and Banbury brand names and Larch-Lap timber products. It also makes special*ised engineering products* such as steel rolls and soil testing equipment as well as fasteners. Turnover was slightly down at £80.3m in the year ended March 1986.

Mr McGowan said: "We have about £1m of earnings from the US and wanted a more solid North American base. Fifty per cent of LMI's earnings *come from there.*"

Williams believes its own consumer and DIY operations, including Swish curtain fittings and Rawplug will fit well with LMI's pre-fabricated building and timber businesses.

Mr McGowan said LMI's two executive directors, Mr Bill Beddow, the chairman, and Mr C. Kyme, deputy chairman, were approaching retirement and were keen to see LMI establish a link with a company with a similar, decentralised, management style.

Williams' activities include specialist engineering products for the defence and industrial sectors, forgings and plastics. Pre-tax profits rose to £6.35m in 1985 from £4.1m on turnover up from £78m to £101m. It plans to bring forward its announcement of first half 1986 results to Tuesday August 26.

LMI's shares rose 5p yesterday to 213p, at which level the company is valued at £53m. Williams' shares were unchanged at 645p.

Vimto lower at £2.8m

FOR THE first half of 1986 **J. N. Nichols (Vimto)**, maker of fruit compounds and cordials, suffered a setback with reduced profits.

But the directors have increased the interim dividend from 2.75p to 2.9p net and said they remained confident about the outcome for the year.

Sales rose from £12.2m to £13.9m *but the operating profit* fell by 28 per cent, from £2.7m to £1.94m. Some redress was made, however, through other *profitability not only at home* (£472,000) and leaving the pre-tax balance only 11.5 per cent down at £2.81m (£3.17m).

The poor summer was not helpful while the collapse in world oil prices appeared to impose some restriction on consumer spending in the Middle East countries.

However, the anticipated contributions from the new subsidiaries, Independent Vending Supplies and Caban (Holdings), together with an improvement in other income, gave confidence for the year. In 1985 the profit was £4.55m.

For the half year the tax charge came to £1.07m (£1.3m), leaving the net profit at £1.74m (£1.86m), or 9.4p (10.1p) per share.

New Court rights after losses

A **PROPERTY** revaluation in the light of the oil price fall has forced **New Court Natural Resources** to declare exceptional *losses of £15.1m, which have* plunged the company to pre-tax losses of £15.8m in the year to end March 1986. As part of its restructuring plans, the company also announced a rights issue to raise £1.7m.

The rights will be in the form of one new ordinary for each old and one for each warrant, resulting in the issue of nearly 36.7m shares, priced at the nominal value of 5p each. Key institutions, among them Hampton Gold Mining Areas and Lloyds Investment Managers, have agreed to take up their *entitlements in respect of 53.6* per cent of the issue. MIM, already a major shareholder has agreed to underwrite the rest of the issue.

The proceeds will be used to cut group borrowings and to boost the group's capital. Following the property revaluations, total net assets have fallen to £2.18m.

Substantial changes have occurred to the New Court board since the appearance of a dissident shareholders group at the 1985 annual meeting. The new chairman, Mr Mark Vaughan-Lee was one of those dissidents and is also chairman of American Electric Components, the former American Oil Fields Systems.

For the year to end March, New Court's turnover was £3.8m, down from £4.6m in 1985 when there was a pre-tax profit of £1.6m. There were also extra*ordinary* losses of £363,000 reflecting the costs of reorganising the US operation.

The loss per share was 47.38p.

Included among the exceptional item are costs of about £640,000 relating to the settlement of a long-running legal case with Mr Grant Mannheim, the former chief executive of the sole operating subsidiary. The dispute related to the terms of Mr Mannheim's employment.

Mr Mannheim is still on the board but will resign following the EGM to confirm the rights issue.

Counter Products edges ahead

Profits in the half year ended June 30 1986 at **Counter Products Marketing**, the USM sales promotion and marketing services group, were held back by the restructuring of the creative division, but still showed an increase of 3.6 per cent, from £581,000 to £602,000.

On the sales front, further development in all areas led to a rise of 22 per cent, from £4.84m, to £5.89m, reported the chairman Mr Richard Morris-Adams. Actual pre-tax profit for the 1985 period came through *at £513,000 after an exceptional* debit of £68,000.

After tax £222,000 (£213,000) net earnings were shown at 3.7p (3.2p) per share.

The chairman said the market place for the group's range of services continued to expand, and expressed confidence that development would continue strongly. The Tyrell company was acquired last month, and at this early stage he was encouraged by its involvement within the group.

In October the group expected to complete the purchase of the freehold of a five acre site in Thame for £685,000 cash, and then build a substantially larger office and warehouse complex than was presently occupied. After completion the present Thame premises were expected to be sold.

Mr Morris-Adams reported that within the mainstream business CPM gained major new assignments.

In all other areas profits were ahead of 1985 and prospects for the second half were shaping well. A useful contribution would come from CPM Selection.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, The Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS Figures in parentheses show number of stocks per section	Friday August 22 1986 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 29%)	Est. P/E Ratio (Net)	xd adj. 1986 to date	Thurs August 21 Index No.	Wed Aug 20 Index No.	Tues Aug 19 Index No.	Year ago (approx.) Index No.	Highs and Lows Index 1986 High		1986 Low		Since Compilation High		Since Compilation Low	
1	CAPITAL GOODS (213)	688.96	−0.1	8.89	3.51	14.32	11.48	689.54	687.16	688.54	535.61	753.28	30/4	567.56	14/1	753.28	30/4/86	50.71	13/12/74
2	Building Materials (26)	796.58	+0.2	8.90	3.62	14.13	13.70	795.32	788.86	793.75	560.30	844.79	4/4	613.05	23/1	844.79	4/4/86	44.27	11/12/74
3	Contracting, Construction (31)	1238.06	—	7.68	3.66	17.76	19.36	1237.59	1230.19	1233.69	838.47	1280.78	2/7	911.08	23/1	1280.78	2/7/86	71.48	2/12/74
4	Electricals (12)	1835.45	+0.3	8.22	4.25	16.02	36.35	1829.80	1816.96	1820.17	1424.94	2092.98	21/4	1530.81	2/1	2092.98	21/4/86	84.71	25/6/62
5	Electronics (38)	1521.27	−0.2	9.92	2.82	13.44	25.23	1524.03	1526.62	1536.11	1450.42	1794.13	30/4	1387.58	24/1	2049.05	13/11/84	1229.81	8/10/85
6	Mechanical Engineering (61)	385.87	−0.1	10.16	4.25	12.50	7.31	386.23	383.72	383.10	294.89	422.95	18/4	316.63	23/1	422.95	18/4/86	45.43	5/1/75
8	Metals and Metal Forming (7)	337.61	+0.7	8.98	4.05	14.18	5.18	335.22	334.42	335.21	207.82	380.80	2/7	241.87	2/1	380.80	2/7/86	49.65	6/1/75
9	Motors (16)	274.17	—	9.46	3.67	12.34	3.78	274.28	274.31	277.20	167.11	322.48	3/7	206.50	14/1	322.48	3/7/86	19.91	6/1/75
10	Other Industrial Materials (22)	1232.74	−0.5	6.81	3.22	17.68	18.94	1238.53	1235.64	1225.25	956.73	1347.13	3/4	993.49	21/1	1347.13	3/4/86	277.55	15/1/81
21	CONSUMER GROUP (182)	923.49	−0.1	7.83	3.21	16.09	14.25	924.48	923.61	923.92	680.23	968.16	3/4	739.82	14/1	968.16	3/4/86	61.41	13/12/74
22	Brewers and Distillers (22)	921.68	+0.4	9.40	3.48	13.03	14.78	918.12	920.35	909.87	657.38	989.31	30/6	764.25	14/1	989.31	30/6/86	69.47	13/12/74
25	Food Manufacturing (22)	697.41	−0.2	9.39	3.75	13.98	13.11	698.89	695.43	700.48	499.73	702.63	4/4	549.51	14/1	702.63	4/4/86	59.67	11/12/74
26	Food Retailing (15)	1927.07	+0.3	6.01	2.70	22.97	27.42	1921.26	1917.48	1923.38	1638.60	1976.34	14/4	1629.03	21/1	1976.34	14/4/86	54.25	11/12/74
27	Health and Household Products (10)	1505.81	−0.3	5.63	2.30	21.02	12.84	1507.85	1503.33	1509.27	1072.64	1651.15	17/4	1175.61	14/1	1651.15	17/4/86	175.38	28/5/80
29	Leisure (28)	911.74	−0.3	7.88	3.96	16.61	22.12	914.10	917.12	917.08	669.47	968.51	2/4	731.17	24/1	968.51	2/4/86	54.83	9/1/75
32	Publishing & Printing (14)	2516.87	−0.2	7.65	4.13	16.87	48.95	2522.84	2514.80	2555.87	1847.74	2655.71	4/7	1834.16	9/1	2655.71	4/7/86	55.08	6/1/75
33	Packaging and Paper (14)	482.56	−0.1	6.90	3.30	18.82	7.11	483.15	482.02	487.04	359.75	495.35	1/7	362.52	9/1	495.35	1/7/86	43.46	6/1/75
34	Stores (38)	882.45	−0.4	6.66	2.85	20.38	10.89	885.75	885.24	885.14	682.59	984.64	3/4	707.79	23/1	984.64	3/4/86	52.63	6/1/75
35	Textiles (17)	519.32	−0.3	9.97	3.72	11.63	9.84	520.79	522.58	526.38	327.48	574.78	1/7	375.50	14/1	574.78	1/7/86	62.66	11/12/74
36	Tobaccos (2)	1162.57	—	12.91	4.21	8.56	22.46	1162.57	1162.98	1143.25	787.70	1229.63	11/4	873.47	9/1	1229.63	11/4/86	94.34	13/6/62
41	OTHER GROUPS (88)	764.34	−0.5	8.83	4.13	14.59	15.31	768.04	769.30	770.93	688.65	859.53	4/4	696.16	21/1	859.53	4/4/86	58.63	6/1/75
42	Chemicals (20)	928.10	—	9.45	4.47	12.89	27.85	927.83	927.24	928.12	669.78	955.30	14/3	729.24	14/1	955.30	14/3/86	71.20	1/12/74
44	Office Equipment (4)	243.94	−0.5	7.62	4.34	15.87	4.65	245.10	241.62	242.01	207.34	281.13	9/5	205.37	23/1	281.13	9/5/86	45.34	2/1/75
45	Shipping and Transport (13)	1470.33	−0.2	7.97	4.25	15.89	28.44	1473.88	1471.71	1480.08	1172.16	1677.64	3/4	1316.35	14/1	1677.64	3/4/86	90.80	29/6/62
47	Telephone Networks (2)	778.47	−0.9	11.03	4.72	12.39	16.67	785.92	795.30	803.18	890.24	1050.03	4/4	741.46	24/7	1050.03	4/4/86	517.92	30/11/84
48	Miscellaneous (49)	1067.17	−0.4	6.46	3.23	19.41	12.66	1071.69	1066.14	1059.58	857.98	1100.24	3/7	866.26	9/1	1100.24	3/7/86	60.39	6/7/75
49	INDUSTRIAL GROUP (483)	830.98	−0.2	8.33	3.50	15.25	13.98	832.56	831.76	832.73	652.13	889.80	3/4	691.89	14/1	889.80	3/4/86	59.01	13/12/74
51	Oil & Gas (17)	1314.53	+0.4	15.54	6.79	7.70	41.99	1309.02	1286.16	1291.63	1153.59	1314.53	22/8	1093.63	20/2	1314.53	22/8/86	87.23	29/5/62
59	500 SHARE INDEX (500)	872.45	−0.1	9.16	3.88	13.70	16.21	873.49	871.01	872.33	694.34	917.63	3/4	727.53	14/1	917.63	3/4/86	63.49	13/12/74
61	FINANCIAL GROUP (117)	600.20	—	—	4.59	—	12.95	600.11	600.03	598.97	489.30	629.86	4/4	507.50	14/1	629.86	4/4/86	55.88	13/12/74
62	Banks (7)	644.20	+0.1	19.76	5.64	6.93	19.43	643.74	644.58	644.61	494.51	707.33	20/3	517.21	5/2	707.33	20/3/86	62.44	12/12/74
65	Insurance (Life) (9)	865.44	−0.2	—	4.32	—	17.27	867.26	868.58	872.27	759.62	913.47	7/7	765.18	23/1	913.47	7/7/86	44.88	2/1/75
66	Insurance (Composite) (7)	478.45	+0.9	—	4.44	—	9.46	474.21	477.79	471.79	371.79	525.13	14/4	403.56	2/1	525.13	14/4/86	43.96	13/12/74
67	Insurance (Brokers) (9)	1199.32	−1.3	8.71	3.98	15.01	24.62	1214.90	1205.01	1208.00	1146.21	1315.27	12/2	1139.48	13/6	1315.27	12/2/86	65.86	16/12/74
68	Merchant Banks (12)	343.36	−0.7	—	4.09	—	4.60	345.66	343.02	341.15	233.54	390.22	1/7	277.36	24/1	390.22	1/7/86	31.21	7/1/75
69	Property (50)	767.82	—	5.65	3.58	23.38	11.25	767.43	766.18	766.75	661.00	807.14	11/7	635.84	23/1	807.14	11/7/86	56.01	20/4/65
70	Other Financial (23)	342.46	−0.2	8.86	4.51	13.97	6.81	343.12	339.65	338.84	279.30	362.00	4/4	287.55	24/1	362.00	4/4/86	33.29	17/12/74
71	Investment Trusts (101)	779.62	—	—	3.07	—	10.76	779.96	773.05	772.39	586.82	779.96	21/8	633.36	14/1	779.96	21/8/86	71.12	13/12/74
81	Mining Finance (2)	276.91	+0.9	13.02	5.79	8.96	6.11	274.42	271.94	267.21	260.55	331.16	21/3	240.83	2/1	337.57	10/4/84	66.31	30/9/74
91	Overseas Traders (14)	634.84	+0.1	11.92	6.86	9.96	23.69	634.05	635.78	642.68	601.08	707.32	1/7	597.55	2/1	707.32	1/7/86	97.37	6/1/75
99	ALL-SHARE INDEX (734)	794.23	−0.1	—	4.00	—	15.09	794.89	792.74	793.35	635.04	832.39	3/4	664.42	14/1	832.39	3/4/86	61.92	13/12/74
		Index No.	Day's Change	Day's High	Day's Low	Aug 21	Aug 20	Aug 19	Aug 18	Aug 15	Year ago								
	FT-SE 100 SHARE INDEX ♦	1607.1	+0.3	1607.1	1598.4	1606.8	1604.6	1604.4	1609.0	1601.9	1313.5	1717.6	3/4	1370.1	14/1	1717.6	3/4/86	986.9	23/7/[illegible]

FIXED INTEREST

	PRICE INDICES	Fri August 22	Day's change %	Thurs August 21	xd adj. today	xd adj. 1986 to date
	British Government					
1	5 years	123.07	+0.06	123.00	—	7.14
2	5-15 years	141.27	−0.27	141.65	—	8.98
3	Over 15 years	149.17	−0.41	149.79	—	9.05
4	Irredeemables	165.42	−0.23	165.81	—	7.27
5	All stocks	137.67	−0.19	137.94	—	8.43
	Index-Linked					
6	5 years	113.95	−0.05	114.01	—	1.18
7	Over 5 years	115.99	−0.08	116.09	—	2.34
8	All stocks	115.60	−0.08	115.68	—	2.13
9	Debentures & Loans	120.65	−0.27	120.98	—	6.76
10	Preference	85.49	+0.35	85.19	—	3.79

	AVERAGE GROSS REDEMPTION YIELDS	Fri August 22	Thurs August 21	Year ago (approx.)	1986 Highs		1986 Lows	
	British Government							
1	Low 5 years	8.29	8.26	9.95	10.26	20/1	7.37	18/4
2	Coupons 15 years	9.15	9.09	10.12	10.65	20/1	8.32	18/4
3	25 years	9.18	9.12	10.13	10.65	20/1	8.33	18/4
4	Medium 5 years	9.43	9.39	10.68	11.89	14/1	8.58	18/4
5	Coupons 15 years	9.45	9.38	10.50	11.15	20/1	8.58	18/4
6	25 years	9.45	9.36	10.17	10.74	20/1	8.58	18/4
7	High 5 years	9.56	9.51	10.78	12.07	20/1	8.73	18/4
8	Coupons 15 years	9.60	9.54	10.66	11.32	20/1	8.73	18/4
9	25 years	9.44	9.38	10.30	10.81	20/1	8.73	18/4
10	Irredeemables †	9.17	9.14	9.75	10.35	27/1	8.38	18/4
	Index-Linked							
11	Inflat'n rate 5% 5 yrs	3.54	3.47	0.0	5.18	14/1	3.24	29/4
12	Inflat'n rate 5% Over 5 yrs	3.48	3.47	0.0	4.01	20/1	3.26	13/5
13	Inflat'n rate 10% 5 yrs	2.22	2.13	0.0	4.23	14/1	2.09	18/8
14	Inflat'n rate 10% Over 5 yrs	3.32	3.31	0.0	3.85	14/1	3.09	19/5
15	Debs & Loans 5 years	10.06	10.08	11.43	12.78	27/1	9.72	8/7
16	15 years	10.30	10.25	11.33	11.93	4/2	9.79	22/4
17	25 years	10.34	10.29	11.22	11.83	21/1	9.69	17/4
18	Preference †	10.88	10.84	12.28	12.18	24/2	10.38	9/4

♦ Opening index 1603.1; 10 am 1598.8; 11 am 1598.4; Noon 1600.9; 1 pm 1602.7; 2 pm 1603.3; 3 pm 1604.5 3.30 pm 1605.3; 4 pm 1605.3.

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Telephone Networks	30/11/84	517.92	Food Manufacturing	29/12/67	114.13
Electronics	30/12/83	1646.65	Food Retailing	29/12/67	114.13
Other Industrial Materials	31/12/80	287.41	Insurance Brokers	29/12/67	96.67
Health/Household Products	30/12/77	261.77	Mining Finance	29/12/67	100.00
Other Groups	31/12/74	63.75	All Other	10/04/62	100.00
Overseas Traders	31/12/74	100.00	British Government	31/12/75	100.00
Mechanical Engineering	31/12/71	153.84	Do. Index-linked	30/04/82	100.00
Office Equipment	16/01/70	162.74	Debs. & Loans	31/12/77	100.00
Industrial Group	31/12/70	128.20	Preference	31/12/77	76.72
Other Financial	31/12/70	128.06	FT-SE 100 Index	30/12/83	1000.00

† Flat yield. A new list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4, price 15p, by post 28p.

NAME CHANGE: Addison Page Chetwynd Streets (46) has become Addison Consultancy Group. DEBENTURE NAME CHANGE: Border & Southern Stockholders 11½% 2014 has become Govett Strategic 11½% 2014.

Maxwell appeals for support on Extel veto

By Charles Batchelor

MR ROBERT MAXWELL, chairman of Mirror Group Newspapers, yesterday issued a strongly-worded appeal to shareholders of Extel to vote against the proposed acquisition of Dealers' Digest, a US financial publisher, at next Friday's extraordinary meeting.

Mr Maxwell's letter was posted one day after he increased his shareholding in *Extel to 29.9 per cent*, the maximum level permitted by the Takeover Panel. He is barred from making a full takeover bid until next April under the Takeover Code.

Extel proposes paying $48.8m for a business with post-tax profits of just $362,000 in the year ended August 1985, which meant it was paying a price-earnings multiple of 135 times historic earnings, Mr Maxwell said.

On the basis of prospective earnings of $1.21m in the current year the p/e was still *more than 40*, he added. The acquisition price represented a premium of 1,594 per cent over net tangible assets of $2.88m.

Mr Maxwell said he had received a far greater number of offers to sell Extel shares than he was permitted to accept under the Takeover Code.

He accused Extel of not understanding the concept of shareholder democracy by its reaction to his opposition to the Dealers' Digest deal. Mr Maxwell published the text of a letter he had sent to Mr Alan Brooker, Extel's chairman, complaining of comments made by Mr Michael Dineen, an Extel director.

Mr Dineen had accused Mr Maxwell of harassing *Extel* and of having failed twice in attempts to take it over. Mr Maxwell called on Mr Dineen to withdraw his allegation unreservedly.

In his letter Mr Maxwell described the telephone campaign conducted by Extel to obtain shareholder support for the Dealers' Digest deal as "the actions of a frightened group."

"This sort of intrusion into the privacy of a shareholders' home (and very often at night) is altogether deplorable," Mr Maxwell said. 'And yet Mr Dineen accuses me of harassment!"

The Dealers' Digest plan requires the consent of a simple majority of Extel's shareholders so Mr Maxwell alone does not have enough shares to block the deal. However, he can probably expect the support of MIM, the fund management group headed by Mr David Stevens, which owns a further 9 per cent of Extel.

Mr Brooker responded: "Shareholders should not be influenced by this latest outburst from Mr Maxwell, which contains many misleading statements and an unwarranted personal attack on a member of the Extel board."

He described Dealers' Digest as "an exciting opportunity" and said Mr Maxwell's tactics were designed to obstruct Extel's strategy and were contrary to other shareholders' interests.

GEC plans Tokyo listing next spring

By David Thomas

GEC is planning a spring quotation on the Tokyo stock exchange, its first quotation on a non-UK stock exchange.

It is likely to follow this with listings on other stock exchanges, including New York.

GEC thinks that being quoted on the Tokyo stock ex*change could help it with the* marketing of its products in Japan. It also believes it will have a beneficial impact on its share price.

It is in the final stages of interviewing four leading Japanese securities houses with a view to choosing one to advise it on a Tokyo quotation.

ML Holdings in £3m expansion

ML Holdings, aeronautics and technology group, is acquiring Slingsby Aviation and Hydro-Bond Engineering for a maximum total, depending on future profits, of £3.11m. The initial consideration for *the companies and the* £400,000 subordinated unsecured loan stock 1990 in Slingsby will be satisfied by the issue of 715,000 shares, of which arrangements have been made to place 462,000.

Slingsby makes complex marine and aviation structures. In 1985 it made pre-tax profits of £315,000 on turnover of £3.5m.

Hydro-Bond makes underwater electrical connectors and in the year to end-March 1986 reported profits of £128,000 and turnover of £581,000.

C & W Walker agrees merger with Greenbank

BY ALICE RAWSTHORN

C & W Walker announced yesterday that it had agreed terms for a merger with its fellow engineering company, the Greenbank Group. This will create a new engineering group, Walker Greenbank, with a proposed *market capitalisation of* more than £25m.

This is the first acquisition mounted by Walker since its reverse takeover by Multiple Holdings in January. Once the merger is completed Walker Greenbank intends to embark on an active acquisition programme although, in contrast to the dominant trend in the engineering industry, *it intends* to opt for friendly, rather than contested bids.

"Our aim is to build Walker Greenbank into a significant force in the engineering industry," said Sir Anthony Jolliffe, chairman of Walker. "The first step towards that is *the merger* with Greenbank with which we have many areas of common interest."

Walker, which is advised by Robert Fleming, has offered 36 of its shares for every 35 shares in Greenbank, advised by Lloyds Merchant Bank. Robert Fleming has agreed to purchase each new Walker share for 56p in cash. Walker's shares *fell* by 3p to 60p yesterday and Greenbank's rose by 9p to 58p. The offer values Greenbank at £15.5m.

Shareholders can also opt to receive two new Walker convertible preference shares for every three Greenbank shares in respect of up to 35 per cent of their shares in Greenbank.

Both Walker and Greenbank have interests in the area of filter technology, Walker through its gas turbine division and Greenbank through its water treatement activities. Both companies have been searching for major acquisition or merger opportunities for some time. For Walker the merger offers the chance to enhance its asset base and reduce gearing, thereby forming a base *from* which to expand.

When the merger is completed Sir Anthony Jolliffe will become executive chairman; Mr Michael Jepson, chairman of Greenbank, deputy non-executive chairman; and Mr Christopher Loveday, managing director of Greenbank, chief executive.

Glen Intl. buys 11% of IFICO

BY CHARLES BATCHELOR

Glen International, the financial services group headed by Mr Terry Ramsden, has taken a 10.83 per cent stake in Indus*trial Finance* and Investment Corporation (IFICO), the financial services group which is currently undergoing a major reorganisation.

Mr Graham Richards, a Glen *director, said: "We feel there* is a good mix of parts in IFICO. We treat it purely as an investment."

Glen said it bought the shares from "several investors" in a private deal outside the stock market because IFICO's shares have been suspended from trading, at the company's request, since July 18.

Mr Bill Smith, a director of IFICO, said there had been no contacts with Glen but IFICO had known of a block of shares which was up for sale.

IFICO is currently putting the finishing touches to the pur*chase* of FMW Holdings, a commercial insurance broker, for an initial £4.25m in shares which will be placed with APA, an Australian life assurance and financial services group.

IFICO also plans to raise about £2m net by a one-for-five rights issue underwritten by APA. IFICO is to issue 2.78m shares at 75p each to raise additional working capital.

APA will own 40.7 per cent of IFICO following the purchase of FMW and this could rise to a maximum of 50.6 per cent depending on how many of the rights issue shares it is called upon to take up.

IFICO plans to make a preliminary announcement of its results for the year ended June 1986 on September 4.

It has already announced it made a loss after extraordinary items.

Partial offer for Flextech

BY LIONEL BARBER

A SYNDICATE of investors led by a 42 year-old barrister Mr James Mayne *is to make a* partial offer for Flextech, the USM-quoted investment group, as part of a major reorgansation of the company.

Flextech was floated on the USM in 1983 in an offer for sale which was more than 40 times oversubscribed. Brokers to the issue were Cazenove.

Since the flotation, Flextech shares have collapsed and profits have fallen due to the company's exposure to the oil sector.

Under the reorganisation, Barclays DeZoete Wedd is to acquire a 14.9 per cent stake in Flextech, which specialises in energy-related investments, *on behalf* of the syndicate at 55p per share.

At the same time, Flextech will place 3.177m new shares at 57p per share to other investors, some of whom are linked *to the syndicate*.

The proposals, recommended by the board, are to be put to Flextech shareholders. The partial offer is conditional on the resolutions being passed, but has received irrevocable undertakings from institutions holding 14.9 per cent of the shares.

If the proposals are successful, the syndicate will own just under 28 per cent of the enlarged share capital of Flextech and Mr Mayne will become chairman.

Mr Mayne is chairman of Habit Precision Engineering, a holding company which mainly manufacturers industrial diamond tooling products.

Flextech shares rose 13p to close at 68p, valuing the group at £11.3m. For the six months to November 1985, Flextech reported a fall in pre-tax profits from £2.03m to £1.45m.

Under the proposals, Mr Montague Koppel, a legal and financial consultant, and Mr Roger Luard, a qualified accountant, are to become directors, replacing three incumbents.

IBC sells two offshoots

International Business Communications (Holdings) has announced the disposal of two RTD Group subsidiaries, the Irish engineering company Oyez IBC reversed into in November 1985. It has also given more details of its purchase of Agra Europe (London).

The two companies, Berkshire Electrodepositors and Stevenore Plating, are being sold to Dartsystem, a company controlled by Mr V. K. Burley, an IBC director, who will resign when the deal is completed.

IBC estimates that the two *companies* have joint on-going losses of £180,000 per annum and does not believe that they *can be returned to profitability* without disproportionate demands on management time. The costs of the disposal are likely to be reflected in an extraordinary charge of £252,000.

Agra Europe produces newsletters and a screen service on European agriculture. IBC is paying £466,260 for a 72 per cent stake, satisfied by £211,935 cash and the issue of 203,460 new shares at 125p. If on the anniversary of the acquisition, the IBC share price is below 145.83p, the vendors will be entitled to further consideration.

French Connection deal

BY LIONEL BARBER

French Connection, the USM-quoted fashion retailer, aims to buy The Western Group, a *fellow fashion retailer in the* Midlands and North of England, in a deal worth £1.5m.

The proposed acquisition accompanied a warning by French Connection's chairman, Mr Stephen Marks, that trading in the first half of the year had been difficult, particularly in the UK. The board is taking a cautious view of the second half to December.

If talks with Western are successful, the acquisition of 19 more shops will double French Connection's retail business. At present, the group owns 18 shops in the UK with turnover in excess of £4m.

French Connection proposes to pay £1.1m in cash with a limited cash alternative. In addition, it intends to repay at par £200,000 nominal of preference shares and £200,000 nominal of *loan stock in Western out of its* own resources.

Mr Marks said that his US subsidiary, Best of All Clothing, will only break even in the first half, compared to a pre-tax *profit of £940,000 in the* comparable period in 1985. Last year, group pre-tax profit fell by £2.65m to £4.88m on £41.4m (£37.2m) turnover

Christy Hunt cash call

Christy Hunt, machine maker for general engineering and agricultural equipment industries, is asking investors for £650,000 through a four-for-five rights issue to reduce borrowings.

The company will issue 2.8 new ordinary shares at 25p a share in an underwritten issue. Christy Hunt's shares fell 5p to 35p on the announcement.

Borrowings have increased since *the acquisition of the* engineering company, R Hunt, in January last year. When the old Christy business at Hunt's base in Essex. Christy Hunt lost sales because of the disruption and the cost enlarging the base was higher than expected.

The board estimates, however, that Christy Hunt broke even in its last financial year to June 30. The relocation resulted in staff cuts—the workforce was reduced by 100 to 240—and this, combined with a more efficient plant should produce cost benefits for the current financial year.

Ault & Wiborg

Ault & Wiborg Group, the *83.5 per cent owned subsidiary* of Sun Chemical Corporation of the US, returned higher taxable profits of £406,000, against £332,000, for the first six months of 1986.

Turnover was slightly lower at £36.8m compared with £36.91m.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
New Court Nat.	nil	—	1.65	nil	1.65
Ayshire Metal ...int.	0.5	—	1	—	2
Nichols (Vimto) ...int.	2.9	Oct 29	2.75	—	6

Dividends shown in pence per share except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock.

Hargreaves attacks Coalite delay

Coalite, the energy distribution group making a hostile £80m bid for Hargreaves, the oil and coal business, was yesterday given permission by the Takeover Panel to delay posting its offer document while the *European Commission* examines the takeover. The move was bitterly attacked last night by Hargreaves.

Under the timetable of the Takeover Code, Coalite should have posted its offer document by next Monday. However, it can now delay this until September 3 while the EEC considers whether the takeover re*quires authorisation under the* Community's coal regime.

Mr Eric Varley, chairman of Coalite, said that while his company had provided information to the Commission to help it reach a decision, Hargreaves had not yet done so. "In the circumstances we think it prudent to delay sending out the document for a few days."

But Hargreaves disputed this interpretation, saying it had been given until August 29 to provide information. The delay, it said, was due to Coalite's lack of preparation and research for the bid.

Hargreaves added that it was still in "meaningful discussions" with other interested parties who were waiting for details of the Coalite offer.

Highgate & Job

Highgate & Job Group made £41,000 pre-tax, against £79,000, *in the year to end-March 1986*. Turnover was £502m compared with £5.14m.

The company's oil division profit contribution was halved to £56,000. Proteins *operations* made £26,000 (£9,000), but the holding company incurred a £42,000 loss (£45,000).

Earnings per share were 4.2p (8.2p). No dividends have been paid since 1978.

UNITED LEASING's rights issue of £8.7m of convertible unsecured loan stock was taken *up* as to 69.8 per cent, leaving £2.62m of stock with the underwriters.

OLDACRE HOLDINGS has postponed its annual meeting originally fixed for September 18, in view of the recommended bid from Unigate.

US air charter carrier to close down

By Paul Taylor in New York

TRANSAMERICA, the California-based financial services group, plans to close down its Transamerica Airlines unit — once the biggest air charter carrier in the world — after failing to find a buyer for the loss-making subsidiary.

Transamerica Airlines, which was put up for sale in January along with Budget Rent-a-Car and Transamerica Delaval, a precision engineering equipment manufacturer, when the parent company announced plans to refocus on its core insurance and financial services businesses, said it will discontinue all flights on September 30.

The airline, which once boasted that it flew to more airports (500) in more countries (100) around the world than any other air carrier, has been scaling back its operations since Transamerica's announcement. The Oakland, California-based carrier's current fleet consists of 24 aircraft, including three 747s, seven Super DC8-73s, 13 Lockheed Hercules L-100s and one Lockheed Electra L188, which will be sold.

Mr Howard K. Howard, Transamerica Airline's president and chief executive, said yesterday: "We came to the decision with great reluctance but with the realisation we really had no other choice."

He said the group was faced with imminent deadlines to bid for military airlift command and commercial charter business for 1987. Losses from air transport operations continued to mount and forecasts for the future offered no hope of reversing that trend.

Considering those circumstances, it made no sense whatsoever to continue absorbing losses, he added.

Zondervan to sue Moran

By Our Financial Staff

ZONDERVAN, the US Bible producer, has stepped up its defence against a takeover attempt led by Mr Christopher Moran, a British investor. It is rejecting demands to cede control of its board and is suing its would-be acquirer.

At a special meeting, the board of the publisher of Bibles and evangelical Christian books and music authorised the filing of a suit in a Michigan Federal district court against Mr Moran, who owns about 13 per cent of Zondervan shares and heads a group that owns 37.6 per cent of the company.

Zondervan said that the group's longstanding proposal to acquire the company for $23.50 a share, valuing it at $94m, was not a true offer to buy the company and said the company would not consider it further.

Toyota Motor's pre-tax profits plunge by 24.6%

BY YOKO SHIBATA IN TOKYO

TOYOTA MOTOR, Japan's largest car manufacturer, yesterday reported a 24.6 per cent plunge in unconsolidated pre-tax profits to Y488.39bn ($3.19bn) in the fiscal year ended June 30, 1986. This was the first year-to-year profit fall since the merger in 1983 of Toyota Motor and Toyota Motor Sales.

The company said the yen's appreciation against the dollar since last autumn squeezed profits and sales, even though unit sales exceeded its target.

Overall sales were Y6,304.56bn, up 4 per cent from Y6,064.42bn in the previous year. Net profits fell by 17.2 per cent to Y255.19bn or Y95.73 a share from Y121.42 in the previous year.

Toyota is to pay a final dividend of Y9.5, taking the total for the year to an unchanged Y18.5 a share.

During the past year, car unit sales rose 4.2 per cent to a record of 3.68m units. Domestic sales advanced 5.3 per cent to 1.72m units, thanks to new models.

Exports rose 3.3 per cent to 1.96m units, mainly due to an increase for the US and Europe, which more than offset a sharp fall in sales to China and the Middle East. Sales of knock-down sets, particularly to NUMMI, its US joint venture with General Motors, jumped by 90 per cent to 309,490.

Operating profits fell 34.9 per cent to Y329.3bn reflecting exchange losses of Y290bn, a Y32bn rise in depreciation, a Y30bn increase in personnel costs and a Y8bn increase in other costs. These were partially offset by Y142.6bn in profits from investment returns on surplus funds.

The fall in operating profits was much steeper in the second half of the year—down 62.2 per cent from the previous year—reflecting the upsurge of the yen since last September.

For the current year to June 1987, car unit sales are projected at 3.6m sets, down 2.3 per cent, with domestic sales of 1.75m units (up 1.7 per cent) and exports of 1.85m sets (down 5.9 per cent). The company is planning to ship knock-down sets of 400,000 units up 32.2 per cent, including 250,000 units to NUMMI (up 49 per cent).

Overall turnover is projected at Y6,000bn, down 4.8 per cent, assuming the yen's exchange rate will remain at around 155 to the dollar. Toyota Motor is likely to see a further decline in profits, if the yen's exchange rate remains at the present level of Y153 to the dollar.

Sea Containers stays in the red

BY ANDREW FISHER, TRANSPORT CORRESPONDENT

SEA CONTAINERS, the Bermuda-based container leasing and ferry operator, produced a $4.5m net loss in the second quarter, making a first-half loss of $26.5m against a $10.6m profit in the same period of last year.

The second-quarter deficit compared with profits a year ago of $13.1m. Mr James Sherwood, the president, said the third quarter should be profitable, however, but earnings for the whole year would be substantially down from last year's $40m.

He said that earnings from ferries and ports in the second quarter — the company owns Sealink British Ferries — rose from $1.4m a year ago to $2.5m. Sealink's main earnings period is the third quarter, which would thus be "solidly profitable" for the group.

Results from container asset leasing were unsatisfactory, he said. The ship division had been the main contributor to the losses, caused largely by the collapse of a charterer early in the year.

This charterer, which he did not name, had four of the company's 11 ships in service. Mr Sherwood said the outlook for container ship chartering was poor. Sea Containers would assess this activity at the year-end, making "an appropriate provision" if necessary.

On the depressed market as a whole, he commented: "It is no consolation that our container leasing competitors are also doing badly. Our customers, the container-ship liner operators, are suffering from overcapacity and inadequate freight rates."

Fokker's operating income dives

FOKKER, the Dutch aircraft manufacturer, increased its net income in the first half of 1986 by almost 11 per cent to Fl 13.4m ($5.8m) from Fl 12.1m a year earlier, due mainly to higher income from its share in non-consolidated companies, AP-DJ reports from Amsterdam.

However, pre-tax operating income was down almost 34 per cent to Fl 15.6m from Fl 23.6m 12 months earlier.

Fokker cited factors related to a current transition period during which it is phasing out production of previous key lines of aircraft and starting up output of two new models of planes.

Development costs for the new aircraft models depressed pre-tax operating income in the first half, Fokker added.

The company said negative factors related to the changeover to production of the new F-100 and F-50 lines will also damp income prospects in the second half of this year. "We expect results for the second half of 1986, although still positive, will be considerably lower than that for the first half," the company said. That would mean full-year 1986 net profits will fall substantially below 1985 levels.

Fokker's net income was Fl 33.1m for all 1985 on turnover of Fl 1.34bn.

Hang Seng Bank edges ahead

HANG SENG BANK, 62 per cent-owned by Hongkong and Shanghai Banking, lifted net profit for the first half of 1986 by 6.3 per cent to HK$352.6m ($45.2m), from HK$331.8m a year earlier, AP-DJ reports from Hong Kong.

The bank said its earnings amounted to 96 cents a share, up 6 per cent from the equivalent of 90 cents a share last year, after adjustment for a one-for-five share issue earlier this year.

The profit figures were arrived at after making transfers to inner reserves, secret holdings banks in Hong Kong are permitted to keep.

An interim dividend of 38 cents a share is to be paid, compared with last year's adjusted 36 cents. The directors forecast a final dividend this year of HK$1.06 or more a share.

Hang Seng Bank's shareholder's funds stood at HK$4.09bn at June 30, up from HK$3.7bn a year earlier. Total assets were HK$75.74bn, up from HK$67.52bn.

Another write-down at American Medical

By Terry Dodsworth in New York

AMERICAN MEDICAL International (AMI), one of the leading US hospital groups, is to take a write-down of around $80m in its fourth quarter, and says that as a result it expects to report a loss for 1986, its first annual deficit in 25 years.

The write-down, for the three months to August, follows a larger $175m charge in the second quarter of AMI's fiscal year, when it was hit by asset revaluations and additions to reserves. In the first nine months of the year the group reported a net loss of $31.9m, despite record revenues of $2.6bn.

Mr Walter Weisman, AMI's president, said that the $80m write-off would be taken against the closure of the group's health services division, which had developed and marketed the company's Amicare health insurance products. This segment of the group's business has been in operation only since 1984 as part of a diversification programme to add to its basic hospital management business.

In addition, the company is to eliminate its divisional hospital management structure and consolidate its regional offices from 11 to six, while reducing its central office overheads, curtailing its capital spending by 60 per cent, and divesting unprofitable businesses.

Mr Weisman said that these actions would reduce costs by $80m.

AMI has been the subject of some takeover speculation since it was forced to take its initial charge in the second quarter, and several investment groups, including the Bass brothers of Texas, have bought significant shareholdings.

Atlas Copco marks time

By Sara Webb in Stockholm

ATLAS COPCO, the Swedish industrial, mining and construction equipment manufacturer, reported stagnant six-month results. Group profits after financial items were SKr 424m ($63.3m) for the half-year, compared with SKr 422m in the first half of 1985.

Invoiced sales dropped to SKr 4.95bn from SKr 5bn in the first half of 1985, but orders booked by the Atlas Copco group increased by 5 per cent to SKr 5.6bn from SKr 5.32bn in the corresponding period of 1985.

Despite the static first half results the group is repeating its earlier forecast for the full year and expects both profits and sales to be higher than 1985's returns of SKr 828.1m and SKr 10.06bn respectively.

The group expects order bookings to stay at a high level for the second half and for invoicing to increase substantially during the remainder of the year.

LONDON TRADED OPTIONS

Option		Calls Oct.	Calls Jan.	Calls Apr.	Puts Oct.	Puts Jan.	Puts Apr.
Allied Lyons (*330)	300	45	55	67	5	8	11
	330	25	35	47	15	18	22
	360	11	18	28	33	35	38
B.P. (*640)	550	95	108	129	1	7	15
	600	52	70	90	12	18	28
	650	18	43	57	37	40	48
Cons. Gold (*488)	420	80	90	100	7	15	23
	460	45	60	70	17	32	42
	500	20	37	47	40	60	67
	550	7	—	—	77	—	—
Courtaulds (*261)	240	28	—	—	3	—	—
	260	16	27	37	11	16	20
	280	9	17	27	25	28	31
Com. Union (*303)	280	26	34	39	3	7	10
	300	8	23	29	12	16	20
	330	2½	13	18	33	36	38
Cable & Wire (*320)	300	40	50	65	7	11	17
	325	19	35	50	17	21	30
	350	8	21	33	33	40	45
	375	3	10	—	55	60	—
Distillers (*750)	600	160	—	—	1½	—	—
	650	112	—	—	4	—	—
	700	65	—	—	8	—	—
G.E.C. (*194)	180	14	22	28	6	8	11
	200	5	12	18	18	20	22
	220	2	5	—	38	38	—
Grand Met. (*386)	360	—	53	60	—	13	15
	382	23	—	—	15	—	—
	390	—	35	45	—	28	30
	420	12	25	—	43	45	—
I.C.I. (*1004)	900	120	147	—	5	8	—
	950	75	107	127	12	20	28
	1000	40	74	87	28	37	50
	1050	20	42	60	55	60	74
Land Sec. (*325)	300	29	38	47	4	7	9
	330	11	19	28	13	15	17
	360	2½	9	16	40	40	40
Marks & Spen. (*209)	180	33	39	47	1½	3	5
	200	16	23	32	4	7	10
	220	5	12	18	15	17	19
Shell Trans. (*883)	800	87	100	120	3	15	25
	850	53	68	82	18	25	40
	900	23	40	57	48	53	63
Trafalgar House (*282)	260	28	35	43	6	11	15
	280	17	23	33	15	21	23
	300	5	13	—	24	29	—

Option		Calls Aug	Calls Nov	Calls Mar	Puts Aug	Puts Nov	Puts Mar
Lonrho (*206)	182	24	—	—	0¼	—	—
	200	6	21	32	2	9	14
	218	1½	15	—	14	19	—
	220	—	—	21	—	—	25
	236	1	8	—	32	35	—

Option		Calls Aug.	Calls Nov.	Calls Feb.	Puts Aug.	Puts Nov.	Puts Feb.
Brit Aero (*498)	460	40	55	72	1	9	18
	500	6	33	50	7	27	35
	550	1	15	25	55	62	67
BAT Inds (*415)	360	55	65	78	0½	5	9
	390	25	42	56	1½	13	18
	420	1½	22	37	13	25	32
	460	0½	6	—	50	55	—
Barclays (*469)	420	72	—	—	2	—	—
	460	32	50	62	2	13	17
	500	9	22	37	13	30	35
Brit. Telecom (*192)	180	14	22	28	1½	6	11
	200	1	10	17	11	17	21
	220	0½	5	9	30	31	33
Cadbury Schweppes (*168)	160	9	19	24	1	6	10
	180	1	9	15	13	17	19
	200	1	3	6	33	35	36
Imperial Gr. (*370)	300	73	80	—	1	2	—
	330	43	50	—	1	3	—
	360	13	25	—	2	10	—
Ladbroke (*348)	300	48	55	68	1	3	5
	330	18	28	38	2	8	14
	360	2	14	20	17	25	27
LASMO (*125)	110	19	24	30	1	8	10
	120	9	18	24	3	14	14
	130	4	13	20	7	18	22

Option		Calls Aug.	Calls Nov.	Calls Feb.	Puts Aug.	Puts Nov.	Puts Feb.
Midland Bk (*537)	500	42	57	72	1	8	15
	550	4	25	40	15	27	32
	600	1	12	22	65	65	67
P. & O. (*505)	460	45	53	67	1	7	12
	500	7	24	38	5	22	27
	550	1	11	22	50	52	55
Racal (*176)	160	18	28	34	2	5	8
	180	2	16	20	6	13	15
	200	1	8	13	26	28	28
R.T.Z. (*602)	500	105	114	124	2	5	10
	550	55	67	82	3	13	22
	600	9	43	57	8	30	45
	650	1½	23	30	50	67	85
Vaal Reefs (*$63)	50	13½	16	18½	1	2¼	4
	60	4	9½	12	1½	5	7½
	70	0¼	4½	—	8½	10½	—
Tr. 11¾% 1991 (*£108)	106	2¼	3⅛	—	0¼	0½	—
	108	0⅝	1½	3⅜	0⅝	1⅛	1¾
	110	0⅛	0¼	1⅛	1⅞	2⅛	2¼
Tr.11¾% 03/07 (*£119)	116	3⅛	4⅝	5⅜	0⅛	1⅛	2¼
	118	1⅛	3⅜	4⅜	0⅝	2⅛	3¼
	120	0¼	2⅜	3½	1⅛	3⅛	4⅛
	122	0⅛	1⅝	2⅝	3	4⅝	5⅝

Option		Calls Sep	Calls Dec	Calls Mar	Puts Sep	Puts Dec	Puts Mar
Beecham (*393)	360	42	52	63	4	8	12
	390	22	35	43	12	20	25
	420	9	23	30	30	37	43
	460	2	10	20	68	70	73
Boots (*212)	200	18	28	34	4	8	10
	220	8½	18	23	16	17	20
	240	3	11	14	31	32	34
BTR (*280)	280	18	30	40	6	15	18
	300	—	—	30	—	—	28
	307	6	18	—	23	28	—
Bass (*740)	700	58	75	85	4	13	23
	750	20	45	55	25	33	43
	800	6	25	40	60	60	60
Blue Circle (*556)	500	60	78	90	5	8	12
	550	20	44	62	18	23	30
	600	7	22	33	48	48	50
De Beers (*$6.35)	550	100	115	135	5	13	27
	600	66	85	108	12	33	50
	650	40	55	80	40	55	75
	700	15	32	55	70	80	115
Dixons (*366)	330	42	54	64	3	6	9
	360	16	28	40	10	14	18
	390	4	13	20	28	32	34
GKN (*267)	260	15	29	40	9	14	17
	280	6	17	28	21	25	28
	300	3	8	19	39	39	41
	330	0¼	4	10	69	69	69
Glaxo (*950)	900	75	115	—	12	35	—
	950	43	80	115	25	55	70
	1000	23	60	90	65	85	95
	1050	10	40	65	110	120	130
Hanson (*183)	135	51	—	—	1	—	—
	150	36	—	—	1	—	—
	160	26	33	36	1½	3½	6½
	180	9	18	23	5	8	13
	200	3	10	12	20	21	24
Jaguar (*485)	460	32	50	62	8	17	22
	500	13	32	45	28	38	43
	550	2	18	25	70	75	80
Thorn EMI (*487)	420	75	87	97	2	6	10
	460	37	55	67	5	14	18
	500	10	30	42	18	27	33
	550	2	10	—	65	65	—
Tesco (*403)	330	80	88	—	2	4	—
	360	50	62	72	2	7	11
	390	25	40	50	8	12	18
	420	9	23	33	25	30	35

Option		Calls Aug.	Calls Sept.	Calls Oct.	Calls Nov.	Puts Aug.	Puts Sept.	Puts Oct.	Puts Nov.
FT-SE Index (*1605)	1525	87	112	128	145	1	8	14	20
	1550	62	92	108	122	2	15	23	30
	1575	40	72	85	105	4	25	33	42
	1600	20	53	70	92	11	34	43	57
	1625	10	40	55	77	28	45	55	70
	1650	3	24	42	—	48	55	67	—
	1675	1	17	25	—	73	78	82	—

August 22. Total contracts 15,409. Calls 11,577 Puts 3,832
*Underlying security price.

Owens-Corning rejects sweetened Wickes offer

BY OUR NEW YORK STAFF

OWENS-CORNING Fiberglas, the US building materials group, said yesterday that its board unanimously rejected Wickes Companies' sweetened $74-a-share or $2.1bn cash tender offer as too low.

The move appears to invite a higher bid from Wickes or another suitor—or set the stage for an extended takeover battle. Reflecting this, Owens-Corning Fiberglas' stock gained ⅞ to $81⅞ in early trading yesterday, well above the tender offer price.

The Toledo, Ohio-based group, whose primary products include fibreglass materials, polyester resins and composite materials used in construction, cars and boats, said the Wickes offer was "inadequate, not fully reflecting the inherent values of the company and not in the best interest of the company and its stockholders."

Wickes launched its latest offer after its initial $70-a-share friendly takeover bid was rebuffed by Owens-Corning's management, and said it was seeking to buy all of the 91.5 per cent of the Owens-Corning shares it does not already own. Wickes has already built up a 2.53m share stake, or 8.5 per cent, in its target.

In rejecting Wickes' initial bid, Owens-Corning is believed to have told Wickes that it wished to remain independent but was willing to consider the sale of certain assets, such as its aerospace technology company bought last September. However, the company's latest statement appears to indicate that it would be willing to be acquired at a significantly higher price.

Showa Shell Sekiyu pays interim on return to black

BY OUR TOKYO STAFF

SHOWA SHELL Sekiyu the major Japanese oil refiner and distributor controlled by Royal Dutch Shell, produced pre-tax profits of Y9.15bn ($59.8m) in the first half of 1986, in a sharp swing back from the previous year's pre-tax losses of Y23.08bn.

The company returning to the dividend list with an interim payment of Y2 a share.

Half-year turnover fell 21.5 per cent to Y745.5bn, due chiefly to a drop in its product prices as the crude oil price declined.

Showa Shell Sekiyu said the yen's strong value produced exchange profits of Y9.18bn, compared with an exchange loss of Y1.3bn a year earlier. The exchange profits, coupled with an improved balance on financial items, helped the company to swing back to profitability.

Half-year net profits were Y4.9bn, against the previous year's net losses of Y8.01bn.

Full-year turnover is forecast to reach Y1,400bn—down 27 per cent from the previous year—and is expected to yield pre-tax profits of Y18.8bn. If the targets are achieved, the company plans to increase its total dividend for the year by Y1 to Y5.

Swiss drop bonds tender

BY JOHN WICKS IN ZURICH

THE SWISS Government has decided not to go ahead with the heralded tender issue of some SFr 250m of Federal bonds on September 4. This follows a similar decision in mid-June, when a planned July issue of a targeted SFr 300m was withdrawn

A National Bank official said in Zurich yesterday that next month's transaction was unnecessary in view of the confederation's "comfortable liquidity situation."

The same reason had been given in June, when the authorities were also uncertain as to the development of long-term interest rates.

FOREIGN EXCHANGES

Nervous trading

THE DOLLAR finished above the day's lows in currency markets yesterday with little volume ahead ahead of the long weekend in the UK. Dollar sentiment remained bearish in the absence of any reciprocal cut in West German or Japanese interest rates, following the recent half point reduction to 5½ per cent in the US discount rate. The US unit finished above the day's lows on short covering but this was mainly a technical move with trading next week expected to reflect the dollar's bearish outlook.

It touched a record low against the Japanese yen of Y152.80 before recovering to close at Y153.35 compared with Y153.15 on Thursday. Against the D-Mark the dollar finished at DM 2.0445 from DM 2.0415 and SFr 1.6510 compared with SFr 1.6445. It closed at FFr 6.6950 against the French franc from FFr 6.6875. On Bank of England figures, the dollar's exchange rate index was unchanged at 110.3.

Sterling finished on a weak note ahead of the weekend amid reaction to recent reports that UK inflation would rise later this year while GNP would remain dormant. Against the dollar it fell to $1.4875 from $1.4985 and DM 3.04 in terms of the West German D-Mark, its lowest closing level ever and down from DM 3.06 on Thursday. It was also lower against the yen at Y228.0 from £229.50 and SFr 2.4550 from SFr 2.4650. Against the French franc it finished at FFr 9.975 compared with FFr 10.02. On Bank of England figures, the pound's exchange rate index fell from 71.7 to 71.3.

£ IN NEW YORK

Aug 22	Latest	Prev. close
Spot	$1.4885-4895	$1.4970-1.4980
1 month	0.50-0.48 pm	0.50-0.49 pm
3 months	1.40-1.36 pm	1.39-1.37 pm
12 months	4.63-4.55 pm	4.70-4.60 pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Aug 22	Previous
8.30 am	71.6	71.7
9.00 am	71.6	71.6
10.00 am	71.6	71.7
11.00 am	71.6	71.7
Noon	71.6	71.7
1.00 pm	71.6	71.7
2.00 pm	71.6	71.7
3.00 pm	71.4	71.7
4.00 pm	71.3	71.7

POUND SPOT—FORWARD AGAINST POUND

Aug 22	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.4865-1.5020	1.4870-1.4880	0.56-0.53c pm	4.40	1.50-1.47pm	3.99
Canada	2.0670-2.0849	2.0670-2.0680	0.41-0.32c pm	2.12	0.87-0.71pm	1.53
Nethlnd.	3.42½-3.45½	3.42½-3.42½	1⅝-1½c pm	5.25	4¼-3⅞pm	4.74
Belgium	62.80-63.45	62.80-62.90	20-13c pm	3.15	46-36pm	2.61
Denmark	11.47½-11.56½	11.47½-11.48½	2¼-1ore pm	1.70	3¼-1½pm	0.85
Ireland	1.1050-1.1110	1.1065-1.1075	par-0.10p dis	−0.54	0.05-0.25dis	−0.54
W. Ger.	3.03½-3.06¼	3.03½-3.04½	1⅝-1½pf pm	5.92	4¼-4pm	5.43
Portugal	214.86-217.95	214.86-216.50	76-170c dis	−6.87	236-482dis	−6.68
Spain	198.55-200.12	198.55-198.85	52-100c dis	−4.58	136-214dis	−3.52
Italy	2093½-2113½	2094-2095	1-3 lire dis	−1.15	4-8dis	−1.15
Norway	10.84½-10.94¼	10.84½-10.85½	3½-4½ore dis	−4.01	11½-12¾dis	−4.49
France	9.95-10.03¼	9.95¼-9.96¼	2⅞-2½c pm	2.79	5⅝-4¾pm	2.08
Sweden	10.24-10.31½	10.24-10.25	⅞-⅜ore pm	0.66	1¼-¾pm	0.29
Japan	227½-230	227½-228½	1½-1¼y pm	5.26	3-2¾pm	5.04
Austria	21.38-21.55	21.38-21.42	9⅞-8⅝gro pm	5.19	25¾-22¾pm	4.44
Switz.	2.45-2.55	2.45-2.46	1⅜-1¼c pm	6.11	3½-3¼pm	5.60

Belgian rate is for convertible francs. Financial franc 63.55-63.65.
Six-month forward dollar 2.75-2.70c pm, 12-month 4.93-4.83c pm.

CURRENCY RATES

Aug. 22	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.810160	0.686861
US $	5½	1.21524	1.03029
Canadian $	8.63	*	1.43314
Austria Sch	4	17.4290	14.7744
Belgian Fr.	8	51.3226	43.5504
Danish Kr.	7	9.36342	7.94355
D'mark	3½	—	2.10334
Guilder	4½	2.79505	2.37245
French Fr.	9½	8.11902	6.89162
Lira	12	—	1449.36
Yen	3½	185.932	157.841
Norway Kr.	8	8.85798	7.51031
Span'h Pta.	—	161.748	137.235
Swedish Kr.	8	8.34749	7.08738
Swiss Fr	4	1.99725	1.69349
Greek Drch	20½	—	137.907
Irish Punt	—	—	0.761487

*CS/SDR rate for August 21: 1.68388.

CURRENCY MOVEMENTS

August 22	Bank of England Index	Morgan Guaranty Change %
Sterling	71.3	−21.5
U.S. Dollar	110.3	+2.0
Canadian Dollar	77.0	−13.2
Austrian Schilling	131.4	+8.2
Belgian Franc	96.8	−6.3
Danish Kroner	88.3	+0.3
Deutsche Mark	140.0	+18.0
Swiss Franc	169.1	+22.9
Guilder	129.6	+11.9
French Franc	69.6	−13.8
Lire	47.6	−16.1
Yen	218.3	+62.4

Morgan Guaranty changes: average 1980-1982=100. Bank of England index (base average 1975=100).

OTHER CURRENCIES

Aug. 22	£	$
Arg'tina	1.4520-1.4595	0.9750
Aus'alia	2.4725-2.4760	1.6480-1.6500
Brazil	20.53-20.66	13.77-13.84
Finland	7.3080-7.3155	4.8870-4.8900
Greece	199.02-202.23	132.68-134.82
H'kong	11.6650-11.6950	7.8025-7.8045
Iran	113.60*	76.20*
Kuwait	0.4350-0.4360	0.29070-0.29100
Lux'burg	62.80-62.90	42.20-42.30
Malaysia	3.8960-3.9030	2.6020-2.6050
N'Z'land	3.0710-3.0785	2.0470-2.0535
Saudi Ar.	5.6155-5.6170	3.7515-3.7520
Sin'pore	3.2150-3.2210	2.1475-2.1495
SAf (Cm)	3.8705-3.9030	2.6110-2.6180
S.Af.(Fn)	7.3095-7.6850	4.8780-5.1285
U.A.E.	5.4975-5.4995	3.6725-3.6735

* Selling rate.

DOLLAR SPOT—FORWARD AGAINST DOLLAR

Aug 22	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.4865-1.5020	1.4870-1.4880	0.56-0.53c pm	4.40	1.50-1.47pm	3.99
Ireland†	1.3440-1.3548	1.3445-1.3455	0.60-0.30c pm	3.98	1.70-1.20pm	4.28
Canada	1.3880-1.3915	1.3905-1.3915	0.25-0.28c dis	−2.29	0.83-0.90dis	−2.49
Nethlnd.	2.2975-2.3070	2.3055-2.3065	0.16-0.13c pm	0.76	0.50-0.45pm	0.83
Belgium	42.20-42.34	42.20-42.30	3-5c dis	−1.28	11-16dis	−1.28
Denmark	7.69-7.72½	7.71½-7.72	1.40-2.00ore dis	−2.65	5.50-6.25dis	−3.05
W. Ger	2.0370-2.0470	2.0440-2.0450	0.28-0.25pf pm	1.56	0.83-0.80pm	1.60
Portugal	145-146	145¾-146	105-165c dis	−11.15	300-460dis	−10.46
Spain	132.95-133.45	133.15-133.25	85-100c dis	−8.32	225-275dis	−7.50
Italy	1406-1411½	1407¾-1408¼	6-7 lire dis	−5.54	17-18½dis	−5.05
Norway	7.27¾-7.30¼	7.29¼-7.29¾	4.90-5.30ore dis	−8.40	15.15-15.55d	−8.47
France	6.67¼-6.70	6.69¼-6.69¾	0.90-1.00c dis	−1.71	3.00-3.30dis	−1.89
Sweden	6.84½-6.89¼	6.88½-6.89	1.95-2.15ore dis	−3.58	5.90-6.30dis	−3.55
Japan	152.80-153.70	153.30-153.40	0.16-0.11y pm	1.06	0.44-0.39pm	1.08
Austria	14.33½-14.38¾	14.36-14.36½	1½-½gro pm	0.84	3-1pm	0.56
Switz.	1.6410-1.6520	1.6505-1.6515	0.27-0.22c pm	1.79	0.71-0.66pm	1.67

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 42.70-42.80.

EURO-CURRENCY INTEREST RATES

August 22	Short term	7 Days notice	1 Month	Three Months	Six Months	One Year
Sterling	10⅛-10⅜	10⅛-10⅜	10-10 1/16	9 13/16-9⅞	9⅝-9¾	9 9/16-9 11/16
U.S. Dollar	6-6⅛	5 15/16-6 1/16	5⅞-6	5 13/16-5 15/16	5 13/16-5 15/16	5⅞-6
Can Dollar	7⅝-8⅛	7⅞-8⅛	7 15/16-8 1/16	8¼-8½	8 5/16-8 7/16	8 11/16-8 13/16
D Guilder	4⅞-5⅛	5-5⅛	5⅛-5¼	5 7/16-5 9/16	5-5⅛	5-5⅛
Sw. Franc	⅝-⅞	10-10¼	4 1/16-4 3/16	4 1/16-4 3/16	4⅛-4¼	4⅛-4¼
Deutschmrk	4½-4⅝	4⅝-4¾	4⅝-4½	4 7/16-4 9/16	4 7/16-4 9/16	4 7/16-4 9/16
Fr. Franc	7-7⅛	7⅛-7⅜	7⅝-7⅝	7½-7¾	7½-7¾	7½-7¾
Italian Lira	11-13	11⅜-12⅜	11-11½	10¾-11¼	10½-11	10⅝-10⅞
B.Fr.(Fin)	7½-7¾	7¼-7½	7⅛-7⅜	7⅛-7⅜	7-7¼	6⅞-7⅛
B.Fr.(Con)	7½-8½	7⅝-8	7⅛-7⅜	7⅛-7⅜	7-7⅛	7-7⅛
Yen	5 1/16-5 3/16	5 1/16-5⅛	5-5 1/16	4¾-4⅞	4⅝-4 11/16	4⅝-4 11/16
D. Krone	9-9½	9⅝-10	10-10½	10⅛-10⅝	10-10½	9⅞-10⅜
Asian $ (Sng)	5 15/16-6 1/16	5 15/16-6 1/16	5⅞-6	5 13/16-5 15/16	5 13/16-5 15/16	5⅞-6

Long-term Eurodollars: two years 6 9/16-6 11/16 per cent three years 7-7¼ per cent; four years 7⅛-7⅜ per cent; five years 7⅝-7⅞ per cent nominal. Short-term rates are call for US Dollars and Japanese Yen; others two days' notice.

EXCHANGE CROSS RATES

Aug.22	£	$	DM	YEN	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	1.	1.488	3.040	228.0	9.958	2.455	3.430	2095.	2.068	62.85
$	0.672	1.	2.045	153.4	6.695	1.651	2.306	1408.	1.390	42.25
DM	0.324	0.489	1.	75.00	3.275	0.808	1.128	689.0	0.680	20.67
YEN	4.386	6.524	13.33	1000.	43.67	10.77	15.04	9186.	9.068	275.7
F Fr.	1.004	1.494	3.053	229.0	10.	2.465	3.445	2103.	2.076	63.12
S Fr.	0.407	0.606	1.238	92.87	4.056	1.	1.397	853.2	0.842	25.60
H Fl.	0.292	0.434	0.886	66.47	2.903	0.716	1.	610.6	0.603	18.32
Lira	0.477	0.710	1.451	108.9	4.754	1.172	1.638	1000.	0.987	30.01
C $	0.484	0.719	1.470	110.3	4.816	1.187	1.659	1013.	1.	30.40
B Fr.	1.591	2.367	4.837	362.8	15.84	3.906	5.457	3333.	3.290	100.

Yen per 1,000: French Fr per 10: Lira per 1,000: Belg Fr per 100.

MONEY MARKETS

UK rates firmer

INTEREST RATES rose in London yesterday as any hopes of an early cut in clearing bank base rates effectively vanished. In addition sterling lost ground in thin pre-weekend trading which did little to improve sentiment. Thursday's message by the Bank of England was sufficient to nip in the bud any prospect of a cut in dealing rates. Three-month interbank money rose to 9¾-9⅞ per cent from 9⅝-9¾ per cent. Weekend money opened at 10¼-10⅜ per cent and touched a high of 10½ per cent before slipping back to 10-10¼ per cent around lunch time. Late balances were taken down to 5 per cent.

Attention remained focused on the possibility of a cut in rates by West Germany or Japan. This would certainly provide a more favourable background but dealers stressed that the Bank of England's current mood was unlikely to be influenced significantly by another cut in European rates.

UK clearing bank base lending rate 10 per cent since May 22

The Bank of England forecast a shortage of around £700m with factors affecting the market including maturing assistance and a take-up of Treasury bills together draining £489m and a rise in the note circulation a further £275m. In addition banks brought forward balances £95m below target. These were partly offset by Exchequer transactions which added £150m. The forecast was revised to a shortage of £750m and the Bank gave assistance in the morning of £177m through outright purchases of eligible bank bills, £14m in band 1 at 9⅞ per cent, £142m in band 2 at 9 13/16 per cent and £21m in band 3 at 9¾ per cent.

In the afternoon the Bank of England appeared to juggle with the forecast, dropping it back to a shortage of £700m, where it was initially and then back once more to £750m. Afternoon help totalled £462m and comprised outright purchases of eligible bank bils, £10m in band 1 at 9⅞ per cent, £425m in band 2 at 9 13/16 per cent and £27m in band 3 at 9¾ per cent. Late help came to £120m, making a total of £759m.

At the weekly Treasury bill tender the average rate of discount fell by 0.3098 per cent to 9.2347 per cent. The £100m of bills on offer attracted bids of £533m and all bills offered were allotted. The minimum accepted bid was £97.69 met as to about 88 per cent and above in full. Next week a further £100m of bills will be on offer replacing a similar amount of maturities.

FT LONDON INTERBANK FIXING

(11.00 a.m. August 22)

Three months US dollars		Six months US dollars	
bid 5 13/16	Offer 5 15/16	bid 5 13/16	Offer 5 15/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

August 22	Ov'r-nig't	One Month	Two Months	Three Months	Six Months	Lombard In'v'tl'n
Frankfurt	4.40-4.50	4.45-4.60	4.40-4.55	4.40-4.55	4.40-4.55	5.5
Paris	7	7 1/16-7 3/16	7 1/16-7 3/16	7 1/16-7 3/16	7 1/16-7 3/16	7
Zurich	⅞-1⅛	4 1/16-4 3/16	—	4⅛-4¼	—	—
Amsterdam	5-5⅛	5⅛-5¼	—	5 1/16-5 3/16	—	—
Tokyo	4.3750	4.78125	—	4.71875	—	—
Milan	11⅜-11¾	11⅜-11¾	—	11⅛-11½	—	—
Brussels	8.30	7 1/16-7 3/16	—	7 1/16-7 3/16	—	—
Dublin	9¼-9½	9¾-10	10⅛-10⅜	10⅜-10⅝	10½-10¾	—

LONDON MONEY RATES

August 22	Over night	7 days notice	Month	Three Months	Six Months	One Year
Interbank	5-10⅞	10¼-10½	9⅞-10 1/16	9¾-9⅞	9⅛-9 11/16	9½-9 11/16
Sterling CDs	—	—	9 7/16-10	9⅝-9¾	9 7/16-9 9/16	9 7/16-9 9/16
Local Authority Depos	10⅛	10-10⅜	9 15/16	9⅝-9¾	9½-9 9/16	9½-9⅝
Local Authority Bonds	—	—	10	10¼	10⅛	10 1/16
Discount Mkt. Depos	7-10¼	9⅞-10⅛	9¾	9⅞	—	—
Company Depos	—	10-10½	10-10 1/16	9 11/16-9 15/16	9¾	9 11/16
Finance House Depos	—	—	10	9⅞	9 11/16	9⅝
Treasury Bills (Buy)	—	—	9 13/16	9¼	—	—
Bank Bills (Buy)	—	—	9 15/16	9 7/16	9 13/16	—
Fine Trade Bills (Buy)	—	—	10 1/16	10 1/16	9 15/16	—
Dollar CDs	—	—	5.85-5.90	5.80-5.85	5.75-5.80	5.90-5.95
SDR Linked Depos	—	—	5⅞-6⅛	5⅞-6⅛	5⅞-6⅛	5⅞-6⅛
ECU Depos	—	—	7 1/16-7 3/16	7 1/16-7 3/16	6 15/16-7 1/16	6⅞-7

Treasury Bills (sell): one month 9 25/32 per cent; three months 9 5/16 per cent. Bank Bills (sell): one month 9 25/32 per cent; three months 9⅛ per cent. Treasury Bills: Average tender rate at discount 9.2347 per cent. ECGD Fixed Finance Scheme IV reference date July 2 to August 5 (inclusive): 10.009 per cent. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 10 per cent from August 1 1986. Bank Deposit Rates for sums at seven days' notice 4.35-4.375 per cent. Certificates of Tax Deposit (Series 6): Deposit £100,000 and over held under one month 10 per cent; one-three months 9¾ per cent; three-six months 9½ per cent; six-nine months 9½ per cent; nine-12 months 9½ per cent. Under £100,000 9½ per cent from August 21. Deposits held under Series 5 9½ per cent. Deposits withdrawn for cash 5½ per cent.

WALL STREET

Stocks drift on sluggish economy

STOCKS DRIFTED in light trading on Wall Street yesterday, when Semiconductors and some of the cyclical stocks posted gains. Investors, concerned about the sluggish economy, are now questioning whether the recent discount rate cut can fuel the economy and corporate earnings, analysts noted.

At 1 pm the Dow Jones Industrial Average held unchanged at 1,881.19, for a rise of 25.59 on the week, while the NYSE All Common index, at $143.70, firmed 9 cents on the day and $1.48 on the week. Volume 93.18m shares.

Gerald Simmons, of Smith Barney, said some of the cyclical stocks have posted gains because *it appears "those issues are* responding to investors who are encouraged that the economy will turn up."

He noted the rise in **Beneficial Corp.** up $29⅞ to $74⅞, has benefited other stocks in that group.

Beneficial responded to the company saying that it is investigating a sale.

Other stocks responding included **Household International**, which rose $4⅞ to $47⅞ and the Computer services and finance company **Control Data** $1⅞ to $25⅞.

Some of the cyclical stocks, including the Paper companies, are doing better as people bet on improvement in the economy. **Union Camp** rose $1⅞ to $51⅞, **Mead** $⅞ to $58⅞ and **Champion International** $⅞ to $26.

Semiconductor stocks also showed improvement. **National Semiconductor** put on $⅞ to $9⅞. **Texas Instruments** $1⅞ to $118⅞ and **Motorola** $1⅞ to $41⅞.

USX fell ⅞ to $19⅞—earlier this week the company said Robert Holmes à Court, an Australian investor, intends to acquire up to 15 per cent of USX stock.

THE AMERICAN SE Market Value index lost 0.51 to 270.81, making a loss of 0.59 on the week. Trading volume 6.21m shares.

Closing prices for North America were not available for this edition.

CANADA

Stocks turned lower at midday trading as the Toronto Composite index shed 6.4 to 3,014.4.

The Oil and Gas index lost 5.1 to 2,660.0 and Golds dipped 40.9 to 4,581.8.

Energy and Utility issues, along with Mining stocks, paced the decline.

Corp, up $29⅞ to $74⅞, has bene—it is ending drilling in the Beaufort Sea until oil prices firm.

TOKYO

Sharply lower on profit-taking centred on domestic oriented shares.

The Nikkei Dow Market Average fell another 234.29 to 18,441.31. The Exchange index fell 24.70 to 1,544.13. Turnover 2.10bn (2.31bn) shares.

Constructions, Properties, Securities, *Non-Life Insurers*, Biotechnologies, Trading Houses, Utilities, Railways and other recently selected shares declined on profit-taking.

Steelmakers and Shipbuilders closed mixed, after gains initially with massive buying orders by institutionals and foreign investors, closed mixed.

But International populars, which have been neglected, were selected as they promise better profits than recently selected "large capitalisation" issues.

The slow move in the yen/dollar rate following the half point cut in the US discount rate also generated buying orders in Blue Chips.

One trader noted that a pendulum-like increase in share prices prior to Thursday's plunge had left many investors with a desire to profit take at the earliest opportunity. The opportunity was furnished by *Friday newspaper stories* which reported that Finance Minister and Bank of Japan Governor had agreed against cutting the Japanese discount rate for the time being, prompting a large sell off in domestic-demand issues from Friday's morning session.

HONG KONG

Firmer in dull trading in the absence of fresh factors and institutional buying.

The Hang Seng index gained 4.67 to 1,946.03 and the Hong Kong index rose 2.46 to 1,216.96. Turnover HK$391.14m (HK$394.05m).

One broker said many investors stayed on the sidelines awaiting interim results due next week from market leaders such as **H. K. Bank**, unchanged at HK$7, and **Cheung Kong Holdings**, also holding at HK$24.60.

Hang Seng Bank closed unchanged at HK$35.25 after reporting a 6.26 per cent rise in net profit to HK$352.6m despite market expectations of 10 per cent growth.

SINGAPORE

Stocks ended mixed in moderate trading.

The Straits Times Industrial index closed 0.31 lower at $11.34 and the SE All Share index 0.01 at 251.86. Turnover 24.2m (17.4m) shares.

AUSTRALIA

Firmer in moderate trading as heavy demand for leading Gold issues and speculation that the battle for control of **BHP** may be resolved boosted prices.

The All Ordinaries index was 4.3 higher at 1183.8, the All Industrials 10.9 at 1880.9, the Gold index 25.1 to 1185.1, Oil and Gas 3.7 at 453.5 and Solid Fuels 4.1 at 471.8. National turnover 80.4m shares valued at $111m (80.7m shares worth A$130.9m). Rises outnumbered falls by nearly two-to-one.

Gold and Platinums dominated the Mining sector because of sharp rises in precious metal prices on overseas markets. Brokers also reported strong local and offshore institutional buying.

Major gainers included **North Flinder** up 30 cents to A$6.30 and **Barrack** 20 cents to A$6.30.

Newly-listed **Placer Pacific** firmed 4 cents to A$2.32, for a two-day rise of A$1.32, on turnover of 6.9m shares valued at A$15.8m.

Among Platinums, **Helix** rose a further 15 cents to A$1.50.

Trading was also bolstered by renewed speculation that **BHP**, off 16 cents at A$7.84, may make an offer for **Bell Resources**, up 30 cents at A$5.10, after Robert Holmes a Court's announcement that he intends to lift Bell's stake in US steelmaker USX to 15 per cent from 0.5 per cent.

Among Industrials, a weak dollar failed to dampen demand among leading issues, especially Bank and Media stocks, with newly listed **Bank of Singapore** up another 10 cents at A$1.38.

GERMANY

Generally firmer, though with many down from the day's highs as operators squared positions before the weekend in moderate trading.

The Commerzbank index of 60 leading shares, calculated at midsession, rose 22.3 to 2,091.0, but did not reflect the easier, quieter tone of later trading.

Chemicals held strongly throughout the session as operators took heart from the second quarter upturn indicated by **Hoechst** and **BASF** results Thursday. Banks were also fairly steady.

VW, in Autos, bucked the *firmer trend to close DM 8 lower* at DM 508.50, under pressure from concern over the impact of its Preference share Rights issue.

In Chemicals **Bayer** added DM 6.10 at 307.9 before interim results next week.

Engineerings came in for some quite strong profit-taking on sentiment that the dollar could fall further and the sharp impact it had on Chemical profits.

PARIS

Higher in moderate trading. Advances outnumbered declines 121 to 60.

Brokers attributed the rise to the beginning of the September trading account, which allows investors to buy on one month's free credit. But they noted that the advance was held back by portfolio adjustments, as operators took profits on Blue Chips and reinvesting the proceeds in shares that have lagged the market's general advance.

Food issues were among the leaders. Electronics were also well bid, and Mining and Metals firmed.

NEW YORK INDICES

DOW JONES	Aug. 21	Aug. 20	Aug. 19	Aug. 18	Aug. 15	1986 High	1986 Low	Since Cmp High	Since Cmp Low
◆Industrials	1881.19	1881.33	1862.91	1869.52	1835.60	1909.03 (2/7)	1502.29 22/1	1909.03 (2/7/86)	41.22 2/7/32
H'me Bnds..	91.60	91.09	90.59	90.53	90.27	91.94 21/4	83.73 14/1	—	—
Transport..	757.13	752.13	744.00	753.38	756.00	830.84 31/5	686.97 9/1	830.84 31/5/86	12.32 6/7/32
Utilities ...	218.21	219.15	213.38	211.13	211.24	219.15 (20/8)	168.47 22/1	219.15 20/8/86	10.5 8/4/32
◆Day's High	1899.47 (1889.34)		Low 1864.31 (1849.97)						
STANDARD AND POOR'S									
Composite ‡	249.67	249.77	246.51	247.38	247.15	252.70 (2/7)	203.49 (22/1)	252.70 (2/7/86)	4.40 1/6/32
Industrials.	274.61	274.77	271.74	273.02	272.86	282.24 (2/7)	224.88 22/1	282.24 (2/7/86)	3.62 21/6/32
Financials..	29.57	29.59	29.24	29.44	29.51	31.13 (14/5)	25.18 22/1	31.15 14/5/86	8.64 1/10/74
N.Y.S.E. COMPOSITE	143.61	143.64	141.91	142.32	142.22	145.15 (2/7)	117.75 (22/1)	145.15 2/7/86	4.46 25/4/42
AMEX. MKT. VALUE	271.32	271.37	270.59	271.24	271.40	28[illegible] (25/6)	240.60 (4/2)	285.19 25/6/86	29.13 9/12/74
NASDAQ OTC COMP.	361.15	360.93	378.82	379.27	380.18	411.16 (3/7)	323.01 (9/1)	411.16 3/7/86	54.87 3/10/74

DIVIDEND YIELDS	Aug. 15	Aug. 8	Aug. 1	July 25	year ago (approx)
Dow Industrial	3.65	3.80	3.82	3.75	4.68
	Aug. 20	Aug. 13	Aug. 6	July 30	
S and P Industrial	2.95	2.99	3.10	3.10	3.72
S and P Ind P/E ratio	18.34	18.11	17.48	17.22	11.90

TRADING ACTIVITY

Volume † (Millions)	Aug. 21	Aug. 20	Aug. 19
New York	135.18	157.60	109.31
Amex	10.15	9.27	8.32
O.T.C.	111.91	113.86	111.37

New York	Aug. 21	Aug. 20	Aug. 19
Issues Traded	2,027	2,007	1,998
Rises	909	1,076	748
Falls	683	534	853
Unchanged	435	397	390
New Highs	172	159	117
New Lows	11	19	17

CANADA

TORONTO	Aug. 21	Aug. 20	Aug. 19	Aug. 18	Aug. 15	1986 High	1986 Low
Metals & Minerals	2034.1	2032.6	2001.4	2021.4	2040.53	2442.85 (21/5)	1917.4 (5/8)
Composite	3020.8	3019.2	3006.8	3017.2	3031.10	3129.11 (18/4)	2754.0 (17/2)
MONTREAL Portfolio	1507.46	1505.92	1498.88	1508.15	1514.99	1623.35 (16/4)	1388.88 (22/1)

NEW YORK ACTIVE STOCKS

Thursday	Stocks traded	Closing price	Change on day		Stocks traded	Closing price	Change on day
USX	3,256,300	19¾	+ ¼	Mobil	1,484,000	35⅛	+ ¼
IBM	1,664,400	136	−1¼	Philip Morris	1,324,500	76⅛	+ ⅞
Philadelphia El	1,637,500	23½xd	− ⅛	Sears Roebuck	1,302,400	46⅞	+ ⅜
AT&T	1,559,700	23⅛	− ⅛	Panhandle Pipe	1,249,000	43⅜	− ⅛
ICN Pharmac'l	1,528,800	30¾	−2⅛	Rexnord	1,208,600	21⅛	+2

	Aug. 22	Aug. 21	Aug. 20	Aug. 19	1986 High	1986 Low
AUSTRALIA						
All Ord. (1/1/80)	1183.8	1179.5	1177.6	1185.5	1247.0 (7/5)	1010.8 (2/1)
Metals & Mnls. (1/1/80)	548.5	548.0	538.2	545.0	602.0 (24/5)	481.1 (20/5)
AUSTRIA						
Creditbk Aktien (30/12/84)	236.11	236.15	235.71	234.54	285.84 (25/4)	226.56 (5/8)
BELGIAN						
Brussel SE (1/1/84)	3865.0	3858.59	3826.89	3815.79	3865.0 (22/8)	2766.91 (15/1)
DENMARK						
Copenhagen SE (3/1/86)	199.90	(u)	199.31	198.62	250.79 (18/4)	193.68 (8/1)
FRANCE						
CAC General (31/12/82)	402.10	399.7	394.2	391.4	411.3 (15/5)	257.8 (2/1)
Ind Tendance (31/12/82)	153.8	155.5	151.3	150.7	154.5 (12/5)	101.6 (2/1)
GERMANY						
FAZ Aktien (31/12/58)	691.75	695.26	688.54	688.86	765.88 (17/4)	585.92 (22/7)
Commerzbank (1/12/53)	2091.0	2068.7	2078.6	2079.7	2278.3 (17/4)	1782.4 (22/7)
HONG KONG						
Hang Seng Bank (31/7/64)	1946.03	1941.36	1941.28	1985.69	1950.12 (18/8)	1559.94 (19/5)
ITALY						
Banca Comm Ital. (1972)	814.11	814.81	808.44	799.01	808.20 (20/6)	464.67 (24/1)
JAPAN**						
Nikkei (16/5/49)	18441.31	18675.6	18936.2	18792.6	18936.2 (20/8)	12881.5 (21/1)
Tokyo SE New (4/1/68)	1544.13	1568.83	1585.55	1566.49	1585.55 (20/8)	1025.85 (21/1)
NETHERLANDS						
ANP.CBS General (1970)	295.8	299.6	297.6	299.1	299.6 (21/8)	240.4 (3/3)
ANP.CBS Indust (1970)	298.5	303.2	302.3	305.9	303.9 (19/8)	254.0 (5/6)
NORWAY						
Oslo SE (4/1/83)	356.56	355.49	352.89	359.02	402.91 (16/1)	351.61 (4/8)
SINGAPORE						
Straits Times (30/12/66)	811.34	811.65	802.94	805.35	811.65 (21/8)	563.54 (28/4)
SOUTH AFRICA						
JSE Gold (28/9/78)	—	1524.1	1514.0	1567.1	1624.1 (22/5)	1108.1 (21/4)
JSE Indust (28/9/78)	—	1500.7	1502.3	1500.6	1302.8 (14/8)	1019.3 (2/1)
SPAIN						
Madrid SE (30/12/85)	193.92	192.50	192.89	195.27	196.15 (18/8)	100.65 (3/1)
SWEDEN						
Jacobson & P (31/12/56)	2548.76	2557.88	2569.45	2567.44	2620.62 (12/8)	1728.57 (29/1)
SWITZERLAND						
SwissBankCpn (31/12/58)	559.7	554.8	545.9	550.7	625.5 (8/1)	487.2 (4/8)
WORLD						
M.S. Capital Intl. (1/1/70)	—	550.5	550.2	554.9	559.2 (20/8)	249.8 (23/1)

** Saturday August 16: Japan Nikkei (c), TSE (c)

Base value of all indices are 100 except Brussels SE—1,000, JSE Gold—255.7, JSE Industrial—264.3, and Australia, All Ordinary and Metals—500. NYSE All Common—50; Standard and Poors—10; and Toronto Composite and Metals—1,000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all. * Price in Kroner.

COMMODITIES AND AGRICULTURE

REVIEW OF THE WEEK

The bulls return to the coffee market

BY ANDREW GOWERS AND RICHARD MOONEY

THE SPECULATIVE money came back to the coffee market this week, and prices leapt again amid renewed talk of a possible supply shortfall later in the year.

On the London robusta coffee futures market the key November position gained £270 on the week to close yesterday at £2,172.50 a tonne, the highest level since early May, but still well below the peak scaled in January, when panic buying drove the price above £3,000 a tonne.

Then, as now, the reason for all the activity was the four-month drought last year in Brazil, the world's largest coffee producer, which in normal years accounts for 30 per cent of world trade in the commodity. When news of the damage first filtered out towards the end of 1985, the market went on a spree such as it had not seen for years.

Roasters snapped up every available bean and exporters shipped for all they were worth. As a result, slump followed boom later in the year as the market struggled to cope with a temporary surplus of supplies, and the all-important investment funds and commission houses lost interest.

Talk of glut has now been well and truly banished again, though, following Thursday's Brazilian crop figure. According to the Brazilian Coffee Institute, the 1986 harvest will total 11.2m bags, more than 3m short of earlier estimates and little more than a third of production capacity. Nobody is yet quite sure whether that shortfall, which may start to bite in November, can be made up.

World market sugar prices ended lower on the week with the London daily raws price (LDP) slipping $3.50 to $133.50 a tonne.

The LDP has now fallen by $27.50 since the end of last month, reflecting a more cautious view of prospects for the supply/demand balance in the medium term. In its latest market review C. Czarnikow, the influential London broking house, tentatively predicts that world sugar stocks will be reduced by around 6.5m tonnes during the course of the 1985-86 and 1986-87 seasons, some 1.5m tonnes less than the stocks drawdown it was projecting three months ago. Czarnikow continues to decline to hazard a figure for the starting level of stocks at the beginning of the 1985-86 season, but it is known to regard the 40m tonnes figure which has been touted in the market as too high.

Whatever the actual level of stocks, however, sugar traders are becoming increasingly aware that prices are more likely to be dominated in the short term by producers' export policies.

The 2½-year high reached in April resulted largely from a loosely concerted policy, led by Brazil, under which producers refrained from pumping sugar onto the market whatever the price. But the $200 a tonne plus reached then (more than double last summer's level) proved too much of a temptation for many producers, who quickly returned to their old undisciplined selling habits — hence the subsequent $70 fall.

On the London Metal Exchange base metals prices were generally easier early in the week but firmed up later on.

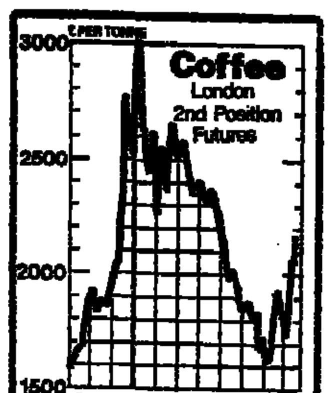
A good example was the cash Grade A copper price, which ended a few pounds up on balance after being pushed to a 46-month low of £862.25 a tonne on Tuesday following a bout of technical selling in New York and news of a rise in LME warehouse stocks last week.

Aluminium was another case in point. The cash position dipped to a one-month low of 742.50 a tonne on Tuesday before ending at a two-month high of £772 a tonne, up £24 on the week.

The rise in the aluminium market reflected continuing concern about the US supply situation in view of continuing labour troubles. Workers this week ended strike action at several producing units but strikes continue at four major installations. These units are still being operated by management but their combined output is estimated to be running at only half capacity, causing tightness in supplies available for immediate delivery.

Zinc was the only LME metal to defy the early downtrend and its price remained firm for most of the week, with the cash quotation ending £22.50 up on balance at £565 a tonne.

The strength of this market was encouraged by a sharp fall in LME stocks last week, reflecting heavy shipments to the US. These shipments had been encouraged by the New York market's premium over the LME price, which reached $100 a tonne at one point, because of the shortages of supplies caused by the continuing strike at Norada's Vallyfield smelter.



US MARKETS

COFFEE FUTURES reacted bullishly to the new Brazilian Coffee Institute 1986-87 crop estimate of 11.2m 60 kg bags, down from the earlier estimate of 14.7m, reports Heinold. While the decline had been anticipated by the market, and even steeper declines had been rumoured, the question remains how much of the crop would be acceptable to importers and whether Brazil will be able to meet its export commitment this year. IBC president, Mr Graciano, has said Brazil would withdraw from the ICO if its quota were cut.

NEW YORK

ALUMINIUM 40,000 lb, cents/lb

	Close	High	Low	Prev
Aug	52.00	—	—	51.80
Sept	52.10	52.20	51.95	51.90
Oct	52.20	—	—	52.00
Dec	52.36	52.50	52.15	52.25
Jan	52.40	—	—	52.35
March	52.65	52.65	52.65	52.65
May	52.86	—	—	52.95
July	53.20	—	—	53.20
Sept	53.40	—	—	53.40
Dec	53.60	—	—	53.50

COCOA 10 tonnes; $/tonnes

	Close	High	Low	Prev
Sept	1889	1891	1880	1877
Dec	1969	1974	1956	1955
March	2015	2018	2004	2000
May	2043	2043	2030	2030
July	2065	2071	2063	2060
Sept	2086	2086	2085	2075
Dec	2108	2110	2095	2095

COFFEE "C" 37,500 lbs; cents/lbs

	Close	High	Low	Prev
Sept	196.05	197.00	191.75	185.36
Dec	197.92	198.50	194.75	187.93
March	190.95	190.95	190.95	186.96
May	189.00	189.00	189.00	185.00
July	188.50	188.50	188.50	184.60
Sept	189.00	—	—	185.00
Dec	187.00	—	—	183.00

COPPER 25,000 lbs; cents/lbs

	Close	High	Low	Prev
Aug	57.15	—	—	57.65
Sept	57.25	57.80	57.05	57.75
Oct	57.50	—	—	58.00
Dec	58.05	58.65	57.85	58.55
Jan	58.30	—	—	58.80
March	58.80	59.40	58.65	59.30
May	59.20	59.65	59.25	59.70
July	59.50	60.00	59.35	60.00
Sept	59.85	60.35	59.90	60.35
Dec	60.35	60.90	60.45	60.85

CRUDE OIL (LIGHT) 42,000 US gallons; $/barrel

	Latest	High	Low	Prev
Oct	15.50	15.57	15.38	15.48
Nov	15.50	15.56	15.40	15.47
Dec	15.48	15.55	15.41	15.50
Jan	15.40	15.45	15.35	15.45
Feb	15.33	15.35	15.33	15.41

WEEKLY PRICE CHANGES

INDICES

REUTERS

DOW JONES

COCOA

COFFEE

SOYABEAN MEAL

GRAINS

OIL

GAS OIL FUTURES

FREIGHT FUTURES

POTATOES

MEAT

SUGAR

RUBBER

CHICAGO

ALUMINIUM

ZINC

COPPER

GOLD

SILVER

LEAD

NICKEL

TIN

LONDON STOCK EXCHANGE

Gilts fall as interest rate optimism is deflated

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Aug 11	Aug 28	Aug 29	Sept 8
Sept 1	Sept 11	Sept 12	Sept 22
Sept 15	Sept 25	Sept 26	Oct 6

* "New-time" dealings may take place from 9.30 am two business days earlier.

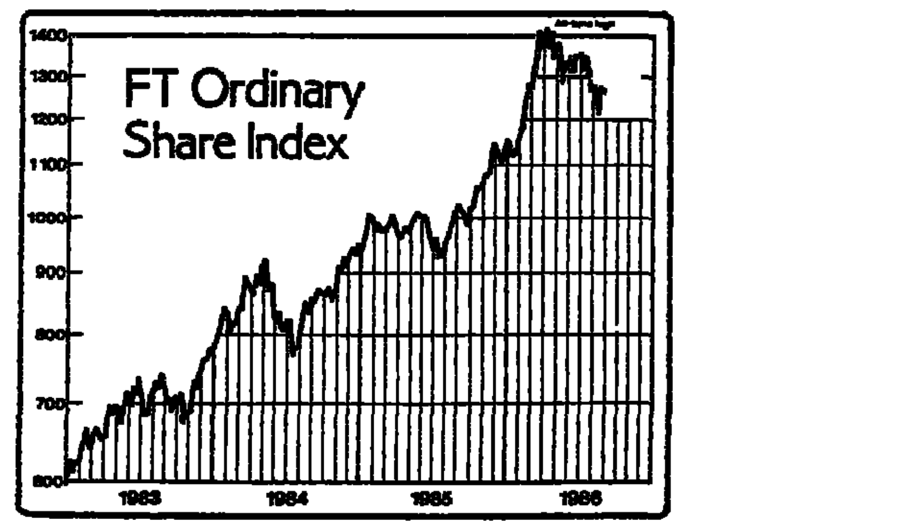
The reluctance of America's trading partners to follow its interest rate cut deflated optimism over a co-ordinated international move towards cheaper money, and London financial markets yesterday showed their disappointment. Government bonds weakened as the market prepared for more official funding, confirmed later to the tune of £500m, while leading shares opened with fairly widespread falls.

Investors were discouraged by the repeated claim of Japanese central bank officials that the economy did not need a stimulus. Similarly the Bank of England's continued determination to quell enthusiasm about the base rate cuts—it held dealings rates in money markets at Thursday's levels—put another damper on markets.

Gilt-edged prices retreated as period rates for credit rose and thoughts turned to funding possibilities. It was assumed that the authorities would announce further possibilities. It was assumed that the authorities would announce further tranches of conventional Gilts and soon after the 3.30 pm close these views were confirmed. The Bank of England issued additional amounts of stock, totalling £500m, comprising £200m of Exchequer 11 per cent 1990, and £150m each of Conversion 10 per cent 1996 and Treasury 9¾ per cent 2002. When business resumed after the customary recess, longer-dated Gilts drifted easier still to close ¾ or so down on the day.

The equity sectors also looked set to lose considerable ground. With Wall Street overnight offering little guide and investors preparing for a long holiday weekend, leading shares were expected to follow the Gilt-edged market lower. Only a light trade was apparent but a recovery developed in the late morning and the movement gathered momentum throughout the afternoon.

A selective institutional demand uncovered further shortages of many good-class issues and during the after-hours' business fresh progress was made. The upshot was that the FT Ordinary share index, after being 3.9 down initially, closed a net 4.1 higher at 1271.2. Over the week, the index was a mere 0.2 up. The broader-based FT-SE 100 share index recovered from a day's low of 1598.4 to end 0.3 better at a session's high of 1607.1



English Trust better

English Trust improved a couple of pence more to close the week 30 higher at 155p following persistent speculative demand fuelled by rumours of an imminent overseas bid of 200p per share. Goode Durrant and Murray were popular again, rising 6 further to a new peak of 146p on continuing speculation surrounding Impala Pacific's 20 per cent stake in the company. Morgan Grenfell added 4 at 452p on further consideration of Press comment, but falls of 5 and 6 respectively were seen in Brown Shipley, 470p, and Hambros, 212p.

Composites ended the week with a flourish. Royals led the way with a gain of 13 at 832p, while General Accident put on 6 at 834p. Ahead of their respective interim statements scheduled for September 3, GRE firmed 8 to 844p and Sun Alliance put on 4 at 694p. Elsewhere, Pearl improved ¼ to £14¾ ahead of next Wednesday's first-half figures.

Breweries remained irregular. Bass, 738p, and Greenall Whitley, 168p, dipped 7 and 5 respectively, while further consideration of the chairman's statement at the annual meeting left Scottish and Newcastle another 3 off a 177p. Guinness, however, staged a late rally to close 3 dearer at 343p, an advance of 16 on the week as sentiment was aided by the announcement that company's shares will be introduced to the Traded Options market from next Thursday.

Burton dull

Proceedings in Stores centred on Burton which dipped 8 to 300p, after 298p, amid rumours that further resignations from its Welbeck subsidiary are in the pipeline: Welbeck was acquired following Burton's takeover of Debenhams. Harris Queensway which on Thursday acquired Burton's Hamleys toyshop business for £30m cash, rallied 4 to 234p helped by a "buy" recommendation from brokers de Zoete and Bevan. Elsewhere, Ward White responded to a late flurry of speculative support to close 14 dearer at 358p, while buyers also returned for Lanca, 3 up for a gain of 9 on the week at 59p.

Cable and Wireless came on offer following a leading broker's downgraded profits forecast and dipped to 320p before staging a useful rally to finish 14 off on balance at 329p. Other leading Electricals were rarely altered, British Telecom settling without change at 192p, after having been down to 188p. Speculative demand left Arcoelectric 10 to the good at 50p, while takeover talk persisted in Holmes Protection, 7 better at 131p.

Leading Engineers closed a shade easier for choice. Among the secondary stocks, Greenbank advanced 9 to 58p on the agreed merger with C. and W. Walker; the latter eased 3 to 60p. Ayrshire Metal, a good market of late, reacted 10 to 50p on the reduced interim dividend and half-year loss, while Christy Hunt fell 5 to 35p following the proposed rights issue. TI, at 490p, gave up 6 of the previous day's gain of 32p inspired by suggestions of a consortium bid.

Tate and Lyle moved up 8 to 578p following the announcement that the EEC Commission had put a stop to an alleged attempt by British Sugar, the S. and W. Berisford subsidiary, to use unfair pricing and marketing tactics against sugar merchant, Napier Brown. Elsewhere in the Food sector, RHM put on 5 at 259p, but Rowntree Mackintosh closed 7 off at 383p.

Vague rumours that the company is seeking a listing on the Tokyo stock exchange saw Grand Metropolitan advance to 390p before closing 8 dearer on balance at 386p.

Pentland easy

Pentland Industries, a good market of late awaiting next Thursday's interim statement, met with US offerings and reacted 15 to 465p. Elsewhere in the miscellaneous industrial sector, UDO Holdings advanced 15 to 150p following reports of a broker's favourable circular, while A. Wood, up 4 at 66p, reflected the recovery in interim earnings. Comment on the preliminary figures prompted a fresh improvement in United Packaging, up 10 more at 105p, but the annual loss left Fobel 7 cheaper at 37p. Unigroup came to life with a rise of 12 to 104p, but Bowater, still reflecting fading bid hopes, lost 4 more to 313p. Consultants were noteworthy for a gain of 8 at 112p, but the fall in annual earnings left Highgate and Job 10 down at 125p. Fisons, a good market earlier in the week on the acquisition of Radiol Chemicals, reacted 12 to 623p, but the encouraging tenor of the chairman's statement prompted a gain of a couple of pence to 90p in Alexander Russel. Cannon Street Investments met with occasional buying interest and put on 6 to 135p, while Peerless, still benefiting from the profits recovery, rose a similar amount to 143p. Among the leaders, Glaxo, a poor market of late following persistent US selling on fears about competition for the company's Zantac drug, eased afresh to 940p before closing without alteration at 950p.

Samuelson continued to recover from the recent depression caused by the chairman's bearish statement, closing 20 up for a two-day recovery of 30 at 190p. Elsewhere in the Leisure sector, Pleasurama added 6 at 318p and Entertainment Products hardened 1½ at 8½p. First Leisure came on offer at 360p, down 7.

Firmer conditions prevailed among Motors. Jaguar rallied 4 to 485p but still retained a fall of 58 on the week following the disappointing interim statement. Lucas Industries, 8 up at 531p, after 535p, and Flight Refuelling, 9 to the good at 321p, both made progress ahead of the Farnborough Air Show. AE held at the overnight level of 235p; unwelcome suitor Turner and Newall now controls 19.56 per cent of the equity.

British Printing and Communication finished an eventful week on a dull note, falling 5 more to 278p—a decline of 14 over the five-day period—on further consideration of the successful bid for Philip Hill Investment Trust, 3 cheaper at 320p, and the intimated acquisition of US magazine publisher Webb. Ault and Wiborg hardened the turn to 48p following the increased interim profits: the shares have risen 14 this week following the disclosure that the company may sell its printing inks division to Dainippon of Tokyo. Counter Products Marketing eased a couple of pence to 114p after the mid-term statement, but Press comment lifted LCA 6 to 93p. Addison Communications, which launched an agreed share-exchange bid for Aidcom last Monday, eased a few pence to 122p.

Properties were inclined harder in places, but the overall volume of business left a lot to be desired. Asda put on 5 more to 350p as did Key City to 45p, while United Real also firmed 5 at 975p.

Financials highlighted USM-quoted Flextech which advanced 13 to 63p in the wake of the partial offer from a syndicate headed by Mr James Mayne, the chairman of Habit Precision Engineering.

BP up again

A generally buoyant week in the leading oil shares closed with BP another 5 firmer on the day and 43 up on the week at a year's best of 643p ahead of next Thursday second-quarter results. Shell were unaltered at 885p, but retained a week's rise of 30 reflecting recent bullish forecasts for oil prices; both BP and Shell have attracted substantial American buying interest during the past few days. Other first-line oils were a shade easier yesterday. Britoil gave up 5 to 128p, Enterprise dipped 3 to 129p and LASMO lost a like amount to 125p. Of the secondary issues, British Borneo attracted renewed support and put on 4 to 357p while Century, said to be the subject of a broker's imminent circular, moved up 3 more to 140p. North Sea and General were marked up 3 to 24p, but Caledonian Offshore fell 5 to 85p, and Carless Capel 2 to 54p. New Court Natural Resources dropped 4 to a 1986 low of 11p following the substantial loss, the "critical" state of the company's finances and the proposed rights issue to raise £1.7m.

Another American-inspired surge in precious metal prices triggered further strong gains throughout South African gold, platinum and financial issues.

The limit-up rise in platinum in New York overnight saw prices approach the $600 an oz level in London and gave a substantial boost to gold prices. Bullion moved easily through the $385 level—regarded as a significant chart point—and touched $388 before rather surprisingly dipping back to close a net 37½ cents lower at $382.875.

Share prices were on the move from the outset as metal price trends were followed by persistent and often sizable buying orders from the Continent and Johannesburg. Platinums were again featured by Rustenburg which jumped 35 more to 720p, still helped by recent news of sharply increased platinum reserves around the area of its current producing operation, while Impala rose 30 to 720p despite the disappointing results announced earlier in the week. "Johnnies," a major shareholder in Rustenburg, added ½ more to £62, and Lydenburg moved up 30 to 610p.

Golds advanced across the board but tended to run out of steam towards the close when dealers reported widespread profit-taking. Nevertheless closing gains remained sufficient to produce a further 9.0 rise to 235.9 in the Gold Mines index which ended the week with an overall gain of 6.3.

The substantial gains throughout gold and platinums prompted useful rises in Financials. De Beers, heavily sold on Tuesday following the acutely disappointing interim results, rallied well and settled 15 up on the day at 428p; over the week the shares showed a 28 fall.

"Amgold" closed £4⅝ firmer at £42¼, while Anglo American Corporation added 45 at 795p and Gencor and Middle Wits 25 apiece at 700p and 650p respectively.

Among UK issues Consolidated Gold Fields advanced 13 to 492p, and Rio Tinto-Zinc edged up a few pence to 602p.

Australians were much quieter after the steep falls that followed the Federal Budget announced earlier in the week and the brilliant market debut of Australia's biggest gold producer Placer Pacific on Thursday. Placer eased 3 to 95p yesterday, compared with the original offer price of A$1 (40p) a share. Among other "down-under" golds Gold Mines of Kalgoorlie rose 5 to 140p and Metana Minerals a like amount to 140p. Sons of Gwalia, on the other hand, eased 3 more to 238p.

Traded Options

Subdued conditions in the underlying securities were mirrored by Traded Options. Recent substantial demand receded and total contracts transacted amounted to 15,409—well short of recent buoyant levels. Nevertheless, dealers again reported a lively business in current favourite Hanson Trust which attracted 3,440 calls, the September 160's and 180's accounting for 957 and 988 trades respectively, while the March 160's contributed 1,020 trades. British Petroleum were also relatively active and recorded 594 calls and 968 puts.

TRADITIONAL OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Aug 18	Sept 5	Nov 20	Dec 1
Sept 8	Sept 19	Dec 4	Dec 15
Sept 22	Oct 3	Dec 18	Dec 29

For rate indications see end of Unit Trust Service

Money was given for the call of Cronite, STC, Rowntree Mackintosh, Hyman, Dewey Warren, TV-am, Amstrad, Goode Durrant and Murray, Audiotronic, Barker and Dobson, Combined Technologies, Ultramar and Vaal Reefs. Puts were done in Tiphook, Impala Platinum and Sound Diffusion, while double options were transacted in Sound Diffusion, Rowntree Mackintosh and Impala Platinum.

STOCK EXCHANGE DEALINGS

Details of business done below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission. Details relate to those securities not included in the FT Share Information services. Unless otherwise indicated, denominations are 25p and prices are in pence. The prices are those at which the business was done in the 24 hours up to 3.30 pm on Thursday and settled through the Stock Exchange Talisman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealing prices. For those securities in which no business was recorded in Thursday's Official List, the latest recorded business in the four previous days is given with the relevant date.

‡ Bargains at special prices. ♦ Bargains done the previous day. Δ Bargains done with non-member or executed in overseas markets.

CORPORATION & COUNTY

[illegible]

UK PUBLIC BOARDS

[illegible]

FOREIGN STOCKS (coupons payable in London)

[illegible]

STERLING ISSUES BY OVERSEAS BORROWERS

[illegible]

BANKS, DISCOUNT

[illegible]

BREWERIES

[illegible]

COMMERCIAL, INDUSTRIAL

A—B

[illegible]

C—D

[illegible]

E—F

[illegible]

G—H

[illegible]

I—J—K

[illegible]

L—M

[illegible]

N—O—P

[illegible]

Q—R—S

[illegible]

T—U—V

[illegible]

W—Y—Z

[illegible]

FINANCIAL TRUSTS

[illegible]

INSURANCE

[illegible]

INVESTMENT TRUSTS

[illegible]

UNIT TRUSTS

[illegible]

MINES—MISCELLANEOUS

[illegible]

MINES—SOUTH AFRICAN

[illegible]

OIL

[illegible]

PROPERTY

[illegible]

WATER WORKS

[illegible]

PLANTATIONS

[illegible]

RAILWAYS

[illegible]

SHIPPING

[illegible]

UTILITIES

[illegible]

SPECIAL LIST

RULE 534 (4) (a)

Bargains marked in securities where principal market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List

[illegible]

UNLISTED SECURITIES MARKET

[illegible]

RULE 535 (2)

Applications granted for specific bargains in securities not listed on any exchange

[illegible]

RULE 535 (3)

Dealings for approved companies engaged solely in mineral exploration

None

(By permission of The Stock Exchange Council)

FINANCIAL TIMES STOCK INDICES

	Aug 22	Aug 21	Aug 20	Aug 19	Aug 18	year ago	1986 High	1986 Low	Since Compilation High	Since Compilation Low
Government Secs	89.54	89.85	89.93	89.62	89.29	83.70	94.51 (18/4)	80.39 (20/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	95.72	95.81	95.83	95.54	95.46	88.81	97.68 (7/7)	86.55 (23/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary ♥	1,271.2	1,267.1	1,268.4	1,267.8	1,273.6	991.4	1,425.9 (3/4)	1,094.3 (14/1)	1,425.9 (3/4/86)	49.4 (26/6/40)
Gold Mines	235.9	226.9	222.5	219.0	224.9	311.3	357.0 (27/1)	185.7 (18/7)	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Div. Yield	4.35	4.37	4.37	4.37	4.35	4.76				
Earnings Yld.%(full)	10.52	10.55	10.56	10.55	10.51	11.77				
P/E Ratio (net) (*)	11.59	11.56	11.55	11.56	11.61	10.52				
Total Bargains (Est)	20,864	20,734	21,731	20,851	21,151	21,832				
Equity Turnover £m.	—	671.97	679.27	525.47	475.88	382.04				
Equity Bargains	—	18,535	19,934	19,578	19,757	18,371				
Shares Traded (ml).	—	504.4	481.8	228.2	221.9	174.5				

S.E. ACTIVITY

Indices	Aug.21	Aug.20
Gilt Edged Bargains	123.7	146.1
Equity Bargains	120.1	129.2
Equity Value	1358.2	1373.0
5-Day Average		
Gilt Edged Bargains	124.6	120.7
Equity Bargains	126.2	127.5
Equity Value	1253.3	1246.0

♥ Opening	10 a.m.	11 a.m.	Noon	1 p.m.	2 p.m.	3 p.m.	4 p.m.
—	1263.3	1263.5	1264.7	1266.4	1271.1	1268.0	1268.4

Day's High 1271.2. Day's Low 1263.2.

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1974 *Nil=11.21.

LONDON REPORT AND LATEST SHARE INDEX: TEL. 01-246 8026

THURSDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

Stock	No. of changes	Thurs. close	Day's change	Stock	No. of changes	Thurs. close	Day's change
Shell Transport	19	885	+17	BP	11	635	+10
Glaxo	15	950	—	Cable & Wire.	11	343	+ 6
British Telecom	12	192	− 4	ICI	11	£10	—
Britoil	12	133	+ 3	Jaguar	11	481	− 2
Hanson Trust	12	185	+ 1	Sct. & Nwcstl.	11	180	− 6
Boots	11	212	− 7	TI	10	496	+32

5-DAY ACTIVE STOCKS

Based on bargains over the five-day period ending Thursday

Stock	No. of changes	Last Thurs. close	Change on week	Stock	No. of changes	Last Thurs. close	Change on week
Jaguar	114	481	−62	*BAT Industries*	85	415	+20
ICI	101	£10	—	BP	84	635	+37
Glaxo	98	950	−45	Britoil	81	133	+11
Shell Transport	98	885	+32	Beecham	80	395	− 6
BTR	93	290	− 3	Hanson Trust	80	185	+17
Wingate Prop.	87	450	+160	British Telecom	77	192	− 6

YESTERDAY'S ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change	Stock	Closing price	Day's change
Anglo American Gold	£42⅜	+ 4⅜	Heath (C. E.)	474	− 1
BTR	288	− 2	Lucas Industries	531	+ 8
BP	643	+ 8	Racal Electronics	174	− 2
Burton	300	− 8	Samuelson	190	+20
Cable and Wireless	329	−14	Shell Transport	885	—
De Beers Deferred	428	+15	Vaal Reefs	£42⅛	+ 2⅛

NEW HIGHS AND LOWS FOR 1986

NEW HIGHS (73)

AMERICANS (7) American Cyanamid, Ameritech, Bankers Trust NY, Pacific Gas and Elec., RJR Nabisco, Rexnord, Southwestern Bell. BANKS (4) Deutsche Bank, Goode Durrant and Murray, Wells Fargo, Compagnie Bancaire. BREWERS (2) Burtonwood, Morland. BUILDINGS (4) Berkeley Group, Higgs and Hill, Manders, Polypipe. CHEMICALS (3) Engelhard, Plysu, Schering AG. STORES (2) Lanca, Ward White. ELECTRICALS (5) Arcolectric A NV, Checkpoint Europe, Macro 4, NEC Corp., Toshiba Corp. ENGINEERING (1) Greenbank Gp. FOODS (2) Dalepak Foods, RHM. INDUSTRIALS (13) Bluebird Toys, British Vita, Coated Electrodes, Continuous Stationery, Davies and Newman, Ecobric Defd., Electrolux B, London Intl., Oce (UK) 9pc Cnv. '87-92, Peerless, Savage, UDO Hldgs., Worcester. INSURANCE (1) Marsh and McLennan. MOTORS (2) Honda Motor, Lookers. PAPER (1) Ault and Wiborg. PROPERTY (4) Key City Prop., Lon. Shop Prop. 9pcCnv '94-99, Prop. Security Inv., Utd. Real Prop. TRUSTS (17) Alliance Trust, Archimedes Cap., F and C Eurotrust, Fleming Overseas Trust, Govett Strategic Inv., M and G Dual Inc., 1928 Inv., Northern American Trust, Robeco (Br.), Do. Sub., St. Andrew Trust, Scottish American Inv., Scottish Inv., Sec. Alliance Trust, Stockholders Far East, Throgmorton Sec. Growth, Flextech. OILS (3) British Borneo, BP, New Court. OVERSEAS TRADERS (1) Inchcape. MINES (1) Balmoral Resources.

NEW LOWS (9)

ELECTRICALS (1) Sintrom. ENGINEERING (1) Christy Hunt. INDUSTRIALS (2) Pavion Intl., Do. 11pc Cnv. Ln. '94-02. INSURANCE (1) Heath (C. E.). PAPER (1) CPM. SHIPPING (1) Sea Containers. OILS (1) Caledonian Offshore. MINES (1) Colby Resources.

RISES AND FALLS ON THE WEEK

	Yesterday Rises	Yesterday Falls	Yesterday Same	On the week Rises	On the week Falls	On the week Same
British Funds	4	100	10	219	178	173
Corporations, Dom. and Foreign Bonds	4	12	54	59	18	273
Industrials	230	258	1,032	1,535	1,277	4,794
Financial and Properties	99	90	386	687	379	1,813
Oils	14	20	80	118	86	366
Plantations	1	2	11	9	4	57
Mines	65	16	104	236	243	446
Others	68	55	84	365	303	383
Totals	485	553	1,761	3,228	2,488	8,305

LEADERS AND LAGGARDS

Percentage changes since December 31, 1985 based on Thursday, August 21, 1986

Metals and Metal Forming	+ 38.58	Insurance (Composite)	+ 17.51
Publishing and Printing	+ 36.26	Industrial Group	+ 16.74
Textiles	+ 36.06	500 Share Index	+ 16.56
Contracting, Construction	+ 34.03	*All-Share Index*	+ 16.39
Packaging and Paper	+ 31.69	Brewers and Distillers	+ 16.21
Motors	+ 31.13	Stores	+ 15.71
Tobaccos	+ 30.46	Office Equipment	+ 15.69
Building Materials	+ 25.81	Oils and Gas	+ 15.40
Chemicals	+ 24.38	Financial Group	+ 15.20
Health and H'hold Products	+ 22.72	Property	+ 14.68
Merchant Banks	+ 21.88	Mining Finance	+ 13.95
Leisure	+ 21.64	Insurance (Life)	+ 9.74
Other Industrial Materials	+ 21.41	Food Retailing	+ 9.15
Food Manufacturing	+ 20.28	Electronics	+ 8.29
Investment Trusts	+ 20.16	*Shipping and Transport*	+ 7.55
Capital Goods	+ 20.15	Other Groups	+ 6.92
Consumer Group	+ 19.98	Overseas Traders	+ 6.11
Electricals	+ 19.53	Insurance Brokers	+ 3.91
Banks	+ 18.73	Gold Mines Index	− 9.17
Mechanical Engineering	+ 17.88	Telephone Networks	− 11.44

LONDON RECENT ISSUES

EQUITIES

Issue Price	Amount Paid up	Latest Renunc. Date	1986 High	1986 Low	Stock	Closing Price	+ or −	Net. Div.	Times Cov'd	Gross Yield	P.E. Ratio
160	F.P.	5/9	173	165	Acatos & Hutcheson 50p	173	......	bd 5.25	2.9	4.3	11.5
¶¶	F.P.	15/8	127	108	‡Airsprung Group 10p	108	......	5.4	2.8	7.0	7.1
§115	F.P.	22/8	157	128	‡Anglia Sec Homes 10p	157	+2	R1.63	3.0	1.5	19.4
§115	F.P.	22/8	125	118	‡Atlas Conv'ting Equ 5p	121	......	R4.9	2.3	5.7	10.9
§67	F.P.	8/8	71	68	‡BBB Design Grp 5p	70	......	L1.0	4.2	2.0	16.8
¶¶	F.P.	—	318	280	BTR Nylex A$0.50	296	......	Q15c	2.7	2.1	17.5
¶¶	F.P.	—	53	41	Bertrams Inv. Tst	42	......	—	—	—	—
§65	F.P.	6/8	69	61½	‡Camotech 10p	63	+1	R2.0	2.4	4.5	12.9
§110	F.P.	18/7	115	85	‡C'bell & Armstrong 5p	90	......	u3.9	1.91	6.0	11.7
100	F.P.	4/9	85	84	Child Med C.ITE1‡‡	85	......	—	—	—	—
††	F.P.	—	100	48	Clayform Warrants	50	......	—	—	—	—
§110	F.P.	12/9	124	111	‡Collins Int 5p	124	......	R2.7	3.4	3.1	13.6
134	F.P.	—	148	134	‡F & H Group 10p	148	+6	L4.76	2.5	4.5	12.2
§70	F.P.	22/8	74	71	‡Fletcher Den'ys S. 5p	72	......	L2.5	1.9	4.9	15.3
210	F.P.	—	210	191	G. T. Management 1p	210	......	R3.0	3.4	2.0	17.6
150	F.P.	25/7	168	150	Guthrie Corp	167	−1	u5.3	2.2	4.5	10.7
150	F.P.	15/8	165	156	Harrison Inds. 10p	163	......	g5.0	2.7	4.3	12.2
§92	F.P.	28/8	95	87	‡Hille Ergonom 10p	92	......	L2.0	3.1	3.1	12.7
§20	F.P.	15/8	25½	21½	‡Hughes Food 5p	23	......	R0.5	2.8	3.1	16.6
—	F.P.	29/8	£39	£36	JF Pacific Warrant S.A.	£39	......	—	—	—	—
§154	F.P.	13/8	160	157	Kleinwort Dev. Fnd	160	......	—	—	—	—
110	F.P.	5/9	98	90	‡Morton Dev. 50p	97	−1	R3.13	3.0	4.5	9.3
§33	F.P.	29/8	34	27	‡Omnitech 1p	27	......	—	—	—	—
§120	F.P.	29/8	120	110	‡Personal Comps. 5p	110	......	R3.0	3.3	3.8	11.2
§123	F.P.	29/8	116	112	St. David's Inv. Tst. Inc.	116	......	H6.8	—	8.3	—
§75	F.P.	29/8	77	75	Do Cap.	76	......	—	—	—	—
§72	F.P.	15/8	160	99	‡Shield Group 5p	160	+5	L2.0	3.1	1.8	23.3
§165	F.P.	1/8	184	157	‡Smallbone 10p	158	+1	u5.0	2.1	4.5	14.8
§98	F.P.	6/8	106	97	‡Space Planning 10p	97	......	R1.8	3.4	2.6	15.8
§110	F.P.	28/8	125	119	Stanley Leisure	120	+1	u3.25	2.8	3.8	13.3
130	F.P.	21/8	158	137	‡TV-am 10p	158	+2	R5.75	2.6	5.1	10.6
120	F.P.	6/8	144	100	Tibbet & Britten 5p	144	......	R3.5	2.6	3.4	16.1
¶¶	F.P.	—	160	152	VSEL Consortium £1	160	......	W5.68	4.3	5.0	5.0
††	F.P.	—	100	95	Welsh Ind. Inv. Tst. 5p	100	......	—	—	—	—
106	F.P.	22/8	112	100	Windsmoor 5p	104	......	u3.25	2.3	4.4	14.0

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1986 High	1986 Low	Stock	Closing Price £	+ or −
**	F.P.	—	155	135	Authority Inns. 8% Cnv. Uns. Ln. 2006-11	145	−2
£100	£10	23/10	10	9½	Bournem'th & Dist Wtr 10¾%Rd Db 1996	10	......
99.160	F.P.	24/10	101½	99½	Elect & Gen. Inv. 10¼% Deb. 2011	101½	+¼
—	—	—	29	28	JF Pacific Warrant S. A. Pref.	28	......
105.523	F.P.	21/8	106½	98½	Land Securities 10% 1st. Mort. Deb.25	100½	−½
—	F.P.	—	100¼	99⅞	Nationwide 10½% 27/7/87	100⅛	−⅛
§99.937	£25	24/10	25⅛	23¾	Do 3⅞% IL Ln. 2021	25⅛	+⅞
—	F.P.	—	100⅛	100	Do 10¼% 17/8/87	100¼	−⅛
¶	Nil	16/9	5pm	1½pm	Rea Bros. Group 8.6% Cum. Cnv. Prf.	1½pm	......
¶	F.P.	30/9	105p	100p	Scantronic 5.75% Cnv. Cum. Red. Prf.	105p	......
¶	Nil	16/9	3pm	1pm	Stewart Ent. 6¼% Cum. Cnv. Red. Prf.	1pm	......
¶	F.P.	11/9	105	95	Utd Leasing 9½% Cnv. Sub Uns Ln '98–2001	95	......
¶¶	F.P.	—	102	101	VSEL Cons.11% Uns. Ln. 1996	102	......
—	F.P.	—	111p	107p	Wight C'ns Cv. Cm. Rd. Prf. 1999 10p	111p	......

"RIGHTS" OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1986 High	1986 Low	Stock	Closing Price p	+ or −
2	Nil	10/10	3½pm	1½pm	Assoc. Brit. Eng. 1p	3pm	+1
190	Nil	—	15pm	14pm	BBA Group	15pm	......
39	Nil	10/10	2pm	1½pm	Blackwood Hodge	2pm	......
5	Nil	22/9	38pm	26pm	‡Cityvision 5p	26pm	......
34	Nil	6/10	5pm	3pm	Foward Tech	5pm	......
450	Nil	—	40pm	33pm	Marler Estates	40pm	......
35	F.P.	12/9	70	55	‡Rockwood 10p	70	......
350	Nil	19/9	51pm	15pm	Rowntree Mackintosh 50p	30pm	−11
200	Nil	18/9	23pm	17pm	TVS N/Vtg. 10p	21pm	......
390	Nil	3/10	117pm	105pm	WPP Group 10p	113pm	−2

Renunciation date usually last day for dealing free of stamp duty. *a* Annualised dividend. *b* Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. *g* Assumed dividend and yield. *h* Assumed dividend and yield after scrip issue. F Forecast dividend cover on earnings updated by latest interim statement. H Dividend and Yield based on prospectus or other official estimates for 1987. L Estimated annualised dividend, cover and p/e based on latest annual earnings. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma Figures *t* Indicated dividends; cover relates to previous dividend; p/e ratio based on latest annual earnings. *u* Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. ¶ Issued by tender. ‖ Offered holders of ordinary shares as a "rights." ‖‖ Introduction. ** Issued by way of capitalisation. § Placing price. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ▭ Allotment price. ‡ Unlisted securities market. †† Official London listing. ‡‡ Including warrants entitlement.

EUROPEAN OPTIONS EXCHANGE

Series		Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	May. Vol.	May. Last	Stock
GOLD C	$370	5	23	110	31	—	—	$386.55
GOLD C	$380	39	21	1	28A	—	—	"
GOLD C	$390	12	15.50	—	—	—	—	"
GOLD C	$400	105	11.50	6	19	5	25	"
GOLD C	$420	29	7.20	50	14A	57	14.10	"
GOLD P	$340	30	1.80	—	—	—	—	"
GOLD P	$350	290	2	20	4.50	—	—	"
GOLD P	$370	270	8.50	—	—	—	—	"
		Sept.		Dec.		March		
SILV C	$550	12	10	—	—	—	—	$524
£/FL C	FL350	—	—	20	4.50	—	—	FL344.11
£/FL C	FL355	15	1	—	—	—	—	"
£/FL C	FL385	50	0.10	—	—	—	—	"
£/FL P	FL360	—	—	—	—	12	26.50	"
$/FL C	FL225	110	6.40	75	8.90	5	10.60	FL230.25
$/FL C	FL230	435	3.40	140	6.80	—	—	"
$/FL C	FL235	463	1.20	32	4.30	12	68	"
$/FL C	FL240	15	0.60A	25	3.20	12	4.30	"
$/FL C	FL245	50	0.30	42	2	—	—	"
$/FL C	FL250	4	0.30	254	1.30	2	2.50	"
$/FL C	FL265	—	—	—	—	120	0.80	"
$/FL P	FL225	3	1.40A	51	4.50	5	7	"
$/FL P	FL230	21	3.10A	85	6.90	40	9.30	"
$/FL P	FL235	38	5.90	—	—	—	—	"
$/FL P	FL240	34	9.80	12	12.80	15	15.10B	"
$/FL P	FL245	17	15	1	16.30	—	—	"
$/FL P	FL250	59	19.80	17	21	—	—	"
		Oct.		Jan.		Apr.		
ABN C	FL620	140	7	14	21	10	33	FL587.50
ABN P	FL580	49	7.50	146	15	13	15.50	"
AEGN C	FL100	140	7.10	1	10.30	—	—	FL104.80
AEGN P	FL95	25	1.10	69	2.50	10	3	"
AH C	FL90	67	7	25	10	—	—	FL93.50
AH P	FL95	64	5	3	6	2	8	"
AKZO C	FL160	843	5	158	9.30	18	13	FL156.70
AKZO P	FL160	772	6.90	443	8.80	22	10	"
AMEV C	FL85	38	1.20	—	—	4	5	FL78.80
AMEV P	FL80	83	3.30	9	4.50	—	—	"
AMRO C	FL115	110	1.50	4	4.20	—	—	FL107
AMRO P	FL115	40	8.50B	3	9.30	—	—	"
GIST C	FL56	37	1	163	3.10A	—	—	FL51.50
GIST P	FL50	158	2.50	15	2.80	37	3.30	"
HEIN C	FL190	41	5.90	29	11.80	—	—	FL188.40
HEIN P	FL180	111	6.70	13	8.40	—	—	"
HED C	FL172.50	25	15	—	—	—	—	"
HOOG C	FL80	759	1.80	292	4.10	46	7.40	FL70.30
HOOG P	FL75	1198	6.50	461	8	191	9.50	"
KLM C	FL45	124	2.10	136	4	10	5.10	FL44.40
KLM P	FL50	66	5.80	126	6.20	2	6.50	"
NEDL C	FL180	163	5.70	23	11.40	14	13.50	FL178.70
NEDL P	FL180	84	7	5	9.90	—	—	"
NATN C	FL85	218	4.90	30	8	—	—	FL88.30
NATN P	FL80	77	1.20	31	2.90	—	—	"
PHIL C	FL55	426	2.40	593	4.10	206	5.10	FL54.70
PHIL P	FL50	455	0.70A	180	1.50	7	2.40B	"
RD C	FL200	416	5.30	232	9.60	92	14.30	FL202
RD P	FL190	231	2	304	4	44	6	"
ROBE C	FL95	17	2.10	—	—	—	—	FL94.90
UNIL C	FL520	400	13.50	42	26A	20	35	FL518
UNIL P	FL480	46	2.30	117	6.70	—	—	"

TOTAL VOLUME IN CONTRACTS: 40,238

A=Ask B=Bid C=Call P=Put

BANK RETURN

BANKING DEPARTMENT

	Wednesday August 20, 1986	Increase (+) or decrease (−) for week
	£	£
LIABILITIES		
Capital	14,553,000	—
Public Deposits	79,336,580	− 1,439,802
Bankers Deposits	962,842,900	+ 135,810,464
Reserve and other Accounts	1,373,161,036	− 46,157,174
	2,429,893,516	+ 88,213,488
ASSETS		
Government Securities	610,796,311	− 45,825,000
Advances and other Accounts	761,988,929	+ 191,783,460
Premises Equipment & other Secs	1,050,405,165	− 58,631,787
Notes	6,450,841	− 902,927
Coin	252,270	− 16,112
	2,429,893,516	+ 88,213,488

ISSUE DEPARTMENT

	£	£
LIABILITIES		
Notes in Circulation	12,763,549,159	+ 89,097,073
Notes in Banking Department	6,450,841	+ 902,927
	12,770,000,000	+ 90,000,000
ASSETS		
Government Debt	11,015,100	—
Other Government Securities	2,562,113,177	− 774,338,991
Other Securities	10,196,871,723	+ 864,338,991
	12,770,000,000	+ 90,000,000

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

Waverley Asset Management Ltd (a) (c) (g)

13 Charlotte Sq, Edinburgh 031-225 1551

Australasian Gold	18.2	19.4	+0.1	0.15
Pacific Basin	13.4	14.3	−0.2	0.2
Canadian Balanced Growth	57.1	61.0	−0.1	0.98
Glenia Mar	102.8	107.1	+0.3	7.1

WestAvon Unit Trust Managers Ltd(a)(c)

9 Portland Square, Bristol BS2 8SS 0272 428431

British Smlr Co's (z)	56.5	59.7xd	+0.1	1.50
British Growth (z)	66.6	68.3	.....	2.00
British Income (z)	66.0	67.9	+0.2	5.00
British Extra Yield(z)	51.4	52.9xd	+0.1	7.00

Whittingdale Unit Trust Managers

2 Honey Lane, London EC2V 8BT 01-606 9585/6

Short Dtd Gilt Fd	67.9	69.6	.....	0.00
U.S. Govmt Bond F	50.512	0.574	.....	—

Windsor Trust Mngrs Ltd

83 Kingsway, London, WC2B 6SD 01-405 8331

Capital & Equity Tst	48.3	51.4	+0.1	7.70
Growth Trust	50.9	54.2	+0.5	2.31
Income Trust	52.9	56.3	−0.1	5.19

Wright Seligman Fund Managers Ltd

11 Blomfield St, London EC2M 7AY 01-588 0592

Growth Fund	68.4	71.9	.....	2.97

Weekly dealing day Tuesday

The Yorkshire General Trust

Woodsome Pk, Fenay Bdge, Huddersfield 0484 602250

Y.G.T.	123.6	131.5	−0.2	3.38

INSURANCES

AA Friendly Society

(Investment Mngt M & G Inv Mngt Ltd)

PO Box 93 Cardiff CF1 4NW 0222 35542

AA Friendly Sy Aug 8	—	103.1	.....	—

Abbey Life Assurance Co Ltd

80 Holdenhurst Road, Bournemouth 0202 292373

Prop. Ser. 1	256.6	217.5	.....	—
Equity Ser. 1	100.9	106.3	−0.9	—

City of Edinburgh Life Assurance

46 Charlotte Sq, Edinburgh EH2 4HQ 031-225 1655

Ivory & Sime Bond	99.0	105.0	+3.0	—
Risk & Reward Scod	117.0	124.0	.....	—
Murray Johnstone Fd	120.0	127.0	.....	—
Money Market Fd	100.0	106.0	.....	—
Ivory & Sime Pens Fd	98.0	104.0	.....	—
Risk & Reward Pens Fd	99.0	105.0	+1.0	—
Murray J'stone Pens Fd	117.0	124.0	.....	—
Money Market Pens Fd	100.0	106.0	.....	—

City of Westminster Assurance

Sentry House, 500 Avebury Boulevard, Cent Milton Keynes MK9 2LA Tel: 0908 606101/660883

Current Series

Property Fund	111.2	117.1	.....	—
Money Fund	221.2	232.9	+0.2	—
Managed Fund	409.0	430.6	+0.8	—
Equity Fund	251.3	264.5	−0.4	—
Fixed Interest Fund	150.2	158.2	+0.3	—
Far East Fund	221.8	233.5	+0.9	—
North American Fund	174.4	183.6	+1.4	—
Natural Resources Fund	132.4	139.4	+0.7	—
Pension Managed Fund	376.8	396.7	+1.0	—
Pension Equity Fund	241.0	253.7	+0.1	—
Adventurous Mngd Fd	105.2	117.9	.....	—
Balanced Mngd Fd	104.8	110.4	+0.1	—
Conservative Mngd Fd	104.8	110.4	+0.1	—
European Fund	103.4	108.9	+0.3	—
International Fund	104.0	109.3	.....	—

For other prices please telephone 0908 606101/660388

Clerical Medical/Fidelity International

Narrow Plain, Bristol BS2 0JH 0272 290566

Investment Funds

Mixed	134.1	141.2	+0.2	—
Equity	149.9	157.8	+0.6	—
Property	108.4	114.2	.....	—
Gilt & Fixed Interest	117.0	123.2	−0.6	—
Indexed Securities	101.1	106.5	.....	—
Cash	107.1	112.8	.....	—
North American	109.0	114.8	+0.2	—
Far East	134.9	142.0	−1.1	—
International	126.4	133.1	+0.1	—
Special Situations	146.2	153.7	−0.7	—
International Income	136.7	144.1	+0.5	—
American Income	116.1	122.3	+0.5	—
European	129.9	136.7	+1.4	—

Flexible Retirement Plan

Mixed	138.7	146.1	−0.4	—
Equity	144.5	152.5	−0.5	—

AUTHORISED UNIT TRUSTS & INSURANCES

INSURANCE, OVERSEAS & MONEY FUNDS

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

World Fund SA
2 Boulevard Royal, Luxembourg
World Fund NAV ...... $19.42 | -0.02 | —

World Wide Growth Management
10a, Boulevard Royal, Luxembourg
Worldwide Gth Fd ...... $17.22 | ... | —
Inv. Adv.: M. & G. Inv. Mngt. Ltd, London

Yamaichi Dynamic Mngt Co SA
10A Boulevard Royal, Luxembourg
Advanced Tech ...... $19.10 | ... | —
Dynamic Gwth Fd ...... $20.47 | ... | —

Zero Bond Fund Limited
PO Box 208, St Peter Port, Guernsey 0481 26268
Zero Bond Fund ...... $12.14 12.85 | ... | —

Money Market Trust Funds

	Gross	Net	Gr Equiv CAR	Int Cr
The Charities Deposit Fund				
2 Fore Street, London EC2Y 5AQ			01-588 1815	
Deposit	9.55		+0.05	5-Mth
The Money Market Trust				
63 Qn Victoria St, EC4N 4ST.			01-236 0952	
Call Fund	9.71	7.26	10.15	6mth
7-day Fnd	9.61	7.18	10.49	6mth
Oppenheimer Money Management Ltd				
66 Cannon St, EC4N 6AE.			01-236 1425	
Call Fnd	9.03	7.36	10.45	6-Mth
7-day Fund	9.63	7.20	10.32	6-Mth
Dollar	4.82	—	—	6-Mth

Money Market Bank Accounts

	Gross	Net	Gr Equiv CAR	Int Cr
Adam & Co. plc				
22 Charlotte Sq, Edinburgh EH2 4DF			031-225 8494	
Full Service Cur Acc	9.25	6.93	9.52	Qtr
Aitken Hume				
30 City Road, EC1Y 2AY.			01-638 6070	
Treasury Acc	9.25	6.93	9.98	Qtr
Mth. Int. Chq.	9.25	6.93	10.04	Mth
Allied Arab Bank Ltd				
97-101 Cannon St, London, EC4N 5AD			01-283 9111	
High Int. Cheque Acc.	10.125	7.57	11.04	Mth
Bank of Scotland				
38 Threadneedle St, EC2P 2EH.			01-628 8060	
Money Mkt Cheque Acc	9.30	6.95	10.11	Mth
Barclays Prime Account				
PO Box 125, Northampton			0604 252891	
High Int. Cheque	9.50	7.00	10.12	Qtr
Benchmark Trust Ltd				
9 Henrietta Place, W1M 9AG.			01-631 3313	
Cap Chq Deposit Acc	9.25	6.91	10.04	Mth
Charterhouse Bank Limited				
1 Paternoster Row, EC4M 7DH.			01-248 4000	
Sterling	9.50	7.10	10.37	Mth
U.S. Dollar	5.375	4.02	5.74	Mth
German Marks	4.00	2.99	4.27	Mth
Swiss Francs	1.50	1.12	1.59	Mth
Japanese Yen	4.00	2.99	4.27	Mth
Citibank Savings				
St Martins Hse, Hammersmith Grove			01-531 1422	
Money Market Plus	Top rate	7.20	10.48	Mth
For other rates please 'phone our Ratelin 01-561 0629				
Co-operative Bank Cheque & Save				
78-80 Cornhill EC3 01-626 6543				
£500-£2,500	6.69	5.00	7.18	Qtr
£2,500 +	9.38	7.00	10.12	Qtr
Dartington & Co Ltd				
Dartington, Totnes, Devon TQ9 6JE			0803 862271	
Money Mkt Acc	9.50	7.10	10.30	Qtr
Henderson/Bank of Scotland				
38 Threadneedle St EC2P 2EH			01-628 8060	
Money Mkt. Cheque Acc.	9.30	6.95	10.11	Mth
Legal & General (Money Mngrs) Ltd				
355 Euston Road, NW1 3AG			01-388 3211	
High Int Dep Acc	9.70	7.25	10.39	6-mth
Lloyds Bank PLC				
71 Lombard St, London EC3P 3BS			01-626 1500	
HighIntCheque Account	9.00	7.20	10.42	Qtr
Lombard North Central PLC				
17 Bruton St, W1A 3DH			01-409 3434	
14-Day Notice	9.00	6.72	9.48	—
M & G/Kleinwort Benson				
M & G Hse., Victoria Rd., Chelmsford			0245 266266	
H.I.C.A. (£2,500+)	9.20	6.87	10.00	Daily
Midland Bank plc				
PO Box 2, Sheffield.			0742 20999 Ext 8655	
High Int Chq Acc	9.03	6.75	9.75	Qtr
£10,000 +	9.36	7.00	10.12	Qtr
M.I.B.L. Britannia Ltd				
74-78 Finsbury Pavement, EC2A 1JD			01-588 2777	
Cater Allen	9.50	7.10	10.3338	—
NatWest Special Reserve Account				
41 Lothbury, London, EC2P 2BP			01-256 9993	
£2,000 to £9,999	9.25	6.875	9.96	Qtr
£10,000 and above	9.375	7.00	10.12	Qtr
Oppenheimer Money Mgmnt Ltd				
66 Cannon St, EC4N 6AE			01-236 1425	
Money Mngt. Acct	9.25	—	—	3-Mth
Phillips & Drew Trust Ltd				
120 Moorgate, London EC2M 6XP			01-628 9771	
High Int Chq Acc	9.75	7.29	10.55	Qtr
Provincial Trust				
30 Ashley Rd, Altrincham, Cheshire			061-928 9011	
High Int Chq Acc	10.25	7.66	11.17	Mth
Royal Bank of Scotland plc				
42 St Andrew Sq, Edinburgh EH2 2YE			031-557 0201	
Premium Account	9.50	7.10	10.27	Qtr
Save & Prosper/Robert Fleming				
25 Western Rd, Romford RM1 3LB.			0708 66966	
H.I.B.A.	9.10	6.80	9.91	Daily
Tyndall & Co				
29-33 Princess Victoria St, Bristol			0272 732241	
Demand Acc	9.59	7.17	10.38	Qtr
Money Acc	9.36	7.00	10.12	Qtr
J. Henry Schroder Wagg & Co Ltd				
Enterprise House, Portsmouth			0705 827733	
Special Acc	9.00	6.73	9.77	Mth
Over £10,000	9.25	6.91	10.04	Mth
Western Trust & Savings Limited				
The Moneycentre, Plymouth PL1 5SE			0752 224141	
High Int Chq Acc	10.06	7.52	10.89	Qtr
Wimbledon & South West Finance Co Ltd				
114 Newgate St, London EC1A 7AE.			01-606 9485	
High Int Cheque Acc	11.00	8.22	11.94	Qtr.

NOTES—Gross: rate to those exempt from composite rate of tax. Net: actual rate after deduction of CRT. Gr Equiv CAR: Gross equivalent to basic rate taxpayers—compounded annual rate. Int Cr: frequency interest credited.

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. # Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ф Yield column shows annualised rates of NAV increase. xd ex dividend.

TRADITIONAL OPTIONS

3-month call rates

Industrials	p		p
Allied-Lyons	30	NEI	11
Amstrad	23	Nat West Bk	48
BAT	35	P & O Dfd	45
BOC Grp	28	Plessey	18
BSR	11	Polly Peck	16
BTR	28	Racal Elect	16
Babcock	17	RHM	20
Barclays	45	Rank Org Ord	45
Beecham	49	Reed Intnl	75
Blue Circle	55	STC	16
Boots	22	Sears	12
Bowaters	30	TI	42
Brit Aerospace	45	Tesco	32
Brit. Telecom	17	Thorn EMI	40
Burton Ord	28	Trust Houses	15
Cadburys	17	Turner Newall	18
Charter Cons	22	Unilever	129
Comm Union	28	Vickers	40
Courtaulds	26	Wellcome	17
FNFC	17	**Property**	
Gen Accident	75	Brit Land	16
Gen Electric	17	Land Secs	30
Glaxo	35	MEPC	32
Grand Met	34	Peachey	24
GUS 'A'	85	Samuel Props	25
Guardian	75	**Oils**	
GKN	32	Brist. Oil & Min	$2\frac{1}{2}$
Hanson Tst.	16	Brit Petroleum	48
Hawker Sidd	48	Burmah Oil	30
ICI	55	Charterhall	4
Jaguar	38	Premier	$3\frac{1}{2}$
Ladbroke	32	Shell	55
Legal & Gen	24	Tricentrol	11
Lex Service	28	Ultramar	18
Lloyds Bank	58	**Mines**	
Lucas Inds	52		
Marks & Spencer	18	Cons Gold	40
Midland Bk	44	Lonrho	24
Morgan Grenfell	30	Rio T Zinc	50

A selection of Options traded is given on the London Stock Exchange Report Page.

LONDON SHARE SERVICE

BRITISH FUNDS

1986 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
102	100½	Exch. 14pc 1986	100	-	13.92	10.24
98	96	Exch. 2½pc 1986	98	.....	2.53	7.48
102	100	Exch. 13¼pc 1987	101½	-	13.07	9.50
100	97	Treas 10½pcCv '87	100½	-	10.25	9.55
97	92	Exch 2½pc 1987	97	-	2.56	7.14
101½	97½	Exch. 10½pc 1987	100	-	10.45	9.61
98	93	Funding 6½pc '85-87‡‡	98½	+	6.59	8.76
101½	96	Treas. 10pc 1987	100	-	9.97	9.42
97	90⅞	Treas 3pc 1987	95		3.11	7.15
104½	98½	Treas. 12pc 1987	102	-	11.70	9.51
99	92	Treas 7¾pc 1985-88‡‡	95½	-	7.99	9.15
104	96½	Exch 10½pc '88	101	-	10.33	9.35
102	95½	Treas 9½pc Cv '88	100½	-	9.71	9.41
94½	86½	Transport 3pc '78-88	92		3.23	7.18
102½	95	Treas. 9½pc '88	100	-	9.52	9.44
107	98	Treas 11½pc 1989	104½	.....	10.99	9.35
103½	93½	Treas 9½pc Cnv. '89	100½	.....	9.46	9.32
92	82	Treas 3pc 1989	89	-	3.34	7.30
105	95	Treas 10½pc 1989	102	-	10.29	9.39
104	94½	Exch 10pc 1989	101	-	9.86	9.41
107	97	Exch 11pc 1990	104	+	10.55	9.33
93	84½	Treas 5pc 1986-89	91	-	5.50	8.31
110	94½	Exch 10½pcCv '89	105½	-	9.73	8.28
114	103	Treas 13pc 1990‡‡	110	-	11.75	9.24
108	97½	Exch 11pc 1990‡‡	104	-	10.49	9.29
113	101	Exch. 12½pc 1990	109	-	11.41	9.30
89	79	Treas. 3pc 1990	86	-	3.49	7.35
100	89½	Treas 8¼pc 1987-90‡‡	97	.....	8.42	8.89
106	93	Treas. 10pcCv 1990	102½	-	9.72	9.21
86	76½	Exch 2½pc 1990	83	-	2.98	7.04
112	99	Treas 11¾pc 1991	108	-	10.84	9.33
94	83	Funding 5¾pc '87-91‡‡	91	.....	6.31	8.09

Five to Fifteen Years

Over Fifteen Years

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

AMERICANS—Cont.

CANADIANS

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS—Cont.

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY & STORES—Cont.

ELECTRICALS

ENGINEERING

ENGINEERING—Continued

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

INDUSTRIALS—Continued

[illegible]

INSURANCES

[illegible]

LEISURE

[illegible]

LEISURE—Continued

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc

[illegible]

FINANCE, LAND—Cont.

[illegible]

OIL AND GAS

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

MINES—Continued

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

Tins

High	Low	Stock	Price	+ or -	Div Net	Cvr	Y'ld Gr's
195	120	Ayer Hitam SM1	135	......	v0155c	1.5	29.7
72	19	Geevor	27	......	—	—	—
83	35	Gopeng Berhad M$0.50	50	......	g$0.16	♦	11.1
650	650	Hongkong	650#	......	—	—	—
36	17½	Jantar 12½p	28	......	2.5	0.1	12.6
28	15	Malaysia Mng. 10c	21	......	v02c	♦	2.5
17	17	♥Pahang	17#	......	8	—	—
225	150	Pengkalen 10p	175	......	—	—	—
130	80	Petaling SM1	90	......	v060c	0.2	17.2
130	90	Sungei Besi SM1	90	......	‡v043c	—	‡
150	90	Tanjong 15p	110	......	—	—	—
140	75	Tronoh SM1	75	......	v045c	0.8	15.5

Miscellaneous

High	Low	Stock	Price	+ or -	Div Net	Cvr	Y'ld Gr's
78	30	Anglo-Dominion	67	......	—	—	—
42	23½	Anglo Utd Dev	23½	−½	1.07	♦	6.4
80	36	♥Colby Res Corp	36	−1½	—	—	—
300	115	Cons. Murch. 10c	135	......	Q100c	♦	14.9
34	26	✣Ennex Int. Ir10p	28	......	—	—	—
102	70	Greenwich Res	99	......	—	—	—
157	93	Hampton Areas 10p	146	......	♦1.0	—	1.0
327	165	♥Highwood Res	306	......	—	—	—
£19⅝	£13⅜	Homestake Mining $1	£16¼	+¼	Q20c	—	0.8
310	175	♥McFinley Red Lake	178	......	—	—	—
285	144	♥Musto Explorations	184	+12	—	—	—
51	28	♥New Sabina Res C$1	29	−2	—	—	—
285	200	Northgate C$1	246	−6	—	—	—
790	513	RTZ	600	......	22.0	2.8	5.2
£164	£115	Do. 9½pcLn '95-2000	£129	−½	Q9½%	15.5	f7.4

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable, bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 29 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ✣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Dealt in under Rule 535(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ✣ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- ♦ Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ¶ No par value.

B.Fr. Belgian Francs. Fr French Francs. ♦♦ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1986-87. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1986. K Figures based on prospectus or official estimates for 1984. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1983. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Stock	Price	+ or -
Albany Inv 20p	59	....
Craig & Rose £1	£13½	....
Finlay Pkg. 5p	43½	+1½
Holt (Jos) 25p	810	...
IoM Stm. £1	73	....
IRISH		
Fund 11¼% 1998	£101⅝	...
Nat. 9¾% 84/89	£96	...
Fin. 13% 97/02	£112	......
Arnotts	305	......
CPI Hldgs	45	......
Carrol Inds	140	......
Dublin Gas	30	......
Hall (R. & H.)	74	......
Heiton Hldgs.	38	−3
Irish Ropes	98	−2
Unidare	225	......

"Recent Issues" and "Rights" Page 13

FINANCIAL TIMES

Saturday August 23 1986

Norway reduces tax on new oilfields

BY FAY GJESTER IN OSLO

NORWAY has bowed to pressure from oil companies and modified its proposed petroleum taxation reform. The companies said it would place an unfair tax burden on them at a time when oil prices were falling.

The revised package, announced yesterday, was described by industry analysts as a compromise.

Explaining the changes yesterday, Mr Arne Oien, the Oil Minister, said that there might still be obstacles in the path of the important Troll Gasfield development.

The concessions were seen as going some way toward pacifying Shell, the operator of the field, which had become increasingly concerned about the economics of the project.

But Mr Oien said that Troll and other Norwegian Shelf projects depended more on how the oil companies assessed future price trends than on tax rules.

"I hope and believe that Troll will go ahead, but I cannot guarantee it," he said. He stressed that the revised taxation package would be further modified in its passage through the Storting, since the opposition parties had been consulted and had approved the revisions.

The revised package will cut the average tax take on new fields—developments not yet approved—to an average of about 60 per cent, compared with about 85 per cent for those now in production.

It will reduce yearly oil tax revenues by an estimated Nkr 2.4bn (£218m) given an oil price of $13 a barrel, and by Nkr 6.5bn for $18 a barrel.

Mr Oien said the changes took account of oil company views on several important points, and were "somewhat more favourable" to the companies than the original version published last month.

He said the two most important concessions compared with last month's proposals concerned collection of the special petroleum tax.

Initially the Government planned to cut this to 30 per cent from 35 per cent, while abolishing "uplifts," an offset against the tax, for new investments.

Old investments would have been allowed only partial uplift.

Now the Government had decided to allow full uplift on old investments, "as a transitional measure."

New investments would not be entitled to special tax uplift, but production from new fields would receive a production allowance against special tax equal to 15 per cent of gross production value.

The original decision to cut the tax to 30 from 35 per cent stands.

Other features of the reform package which have not been changed include depreciation starting in the first year of investment instead of when a field comes on stream, and abolition of the production royalty rate for future oil and gas fields. Today the royalty rate varies between 8 and 16 per cent of produced petroleum value.

Non-Norwegian companies will no longer have to pay exploration costs for Statoil, the national oil company.

Seismic information collected by the Norwegian Petroleum Directorate will be sold to companies at 15 per cent of cost, against 40 per cent at present.

With regard to Troll, the Government has decided to extend the licence by 11 years to the year 2030, because of the length of time likely to elapse before the field reaches peak output. This is a change the Troll partners sought.

The partners must decide by September 15 whether to go ahead with the development.

By October 15 the buyers must confirm their willingness to take Troll gas. Norwegian Government approval must be given before Christmas.

Japanese search for a better return on their money

By Ian Rodger in Tokyo

ANYONE seeking an explanation of the Bank of Japan's reluctance to cut interest rates need look no further than the counter of any commercial bank branch there.

On a small sign will be the customary announcement of the bank's interest rates. Most Japanese banks are offering only 0.38 per cent on savings accounts.

It is a moot point as to what might happen to that rate if the central bank were to cut its 3.5 per cent discount rate by, say, 0.5 per cent. Would the banks start charging customers for the privilege of looking after their savings?

Japanese interest rates are already extremely low by any standard. The bank of Japan's view repeated yesterday by its Governor Mr Satoshi Sumita, is that credit conditions have been fully relaxed, and there is no justification for following the US discount rate cut this week.

The question that arises is is why the low interest rates are not already stimulating the domestic spending boom that Washington is clamouring for. Consumer spending in Japan was only 1.5 per cent higher in May than a year earlier. Capital spending by manufacturing industry, according to one recent forecast, will be down 5.3 per cent this year.

It is understandable that manufacturers, hit hard by the rise in the value of the yen, are not investing heavily in their Japanese plants, but the sluggishness of consumer demand is something of a mystery.

One leading commercial banker said last week that it was absurd for Japan to be exporting billions of dollars every month to finance the US budget deficit when there was so much housing and infrastructure investment needed in Japan.

For the moment, however, there is no great outcry from the public for beter roads or for the removal of redtape that often blocks land redevelopment. So that government is unlikely to raise taxes or take steps that would offend established interests.

In any event, if the prevailing rates are not enough to stimulate the economy, the central bank is probably right in its view that a further cut would not make any difference.

Moreover, it fears that the low rates are already having undesirable effects. The incredible boom this year in the stock market, for example, to some extent reflects the search by Japanese savers for a return on their money better than 0.38 per cent.

North Sea enterprise zones proposed

By Lucy Kellaway

THE GOVERNMENT is considering a plan that would turn British oilfields and offshore construction yards into "enterprise zones" to stimulate exploration and development in the North Sea by reducing oil company taxes.

The plan, submitted to the Department of Energy by the UK Offshore Operators' Association, is one of a number of possible tax reforms being examined by the Department before it makes a formal submission of the industry's case to the Inland Revenue later this year.

By making the North Sea an enterprise zone the Government would in effect bring back 100 per cent capital allowances for the oil industry. Full capital allowances for all companies, were removed in the 1983 Budget, but still survive in enterprise zones.

The proponents of this scheme say that to redefine the boundaries of enterprise zones would be much simpler than rewriting the 1983 legislation to restore the allowance to the oil companies.

Inclusion of offshore oilfields would give a new meaning to the concept of the enterprise zone, which was to promote investment in areas of urban decay by offering tax breaks and relief on rates.

The industry has been lobbying the Government to lower the tax burden since oil prices collapsed. It claims that the tax system was designed on the assumption that the industry would make windfall profits, and that this is no longer the case.

Norway responded to similar complaints with announcement yesterday of a revised tax package for oil companies.

The Government has said that it will not cut oil taxes unless this leads directly to increased activity in the North Sea. Creation of enterprise zones there would seem likely to have such a result, it is said.

Another scheme under consideration would allow oil companies to offset all or part of costs of developing one field against the Petroleum Revenue Tax bill of another.

Markets react calmly to Soviet aim for cut in crude exports

BY MAX WILKINSON, RESOURCES EDITOR

OIL MARKETS reacted calmly yesterday to a statement from the Soviet Union that it intneds to cut its crude exports by 100,000 barrels a day (b/d) for two months from September.

Analysts generally regarded the Soviet moves as a political gesture towards the Organisation of Petroleum Exporting Countries which was likely to have little impact on overall supply.

Yesterday, Brent crude's price eased by 12½ cents a barrel, to $13.85. In early trading on the New York Mercantile Exchange there was little reaction to the Soviet statement. Light crude for October delivery was quoted at $15.50 in the early afternoon.

However, observers were intrigued by the way the Soviet cut was first made known by the Iranian oil minister, Mr Gholamreza Aqazadeh, after his visit to Moscow this week to see Mr Nikolai Ryzhkov, the Soviet Prime Minister.

Later, Soviet officials confirmed they had agreed the cut in exports to reinforce the production cut which Opec members have agreed to implement for two months starting in September.

This month in Geneva Opec members agreed that they would scale back their total oil output to 16.8m b/d from levels which have been running at more than 20m b/d recently.

The main burden of the Opec cuts will fall on Saudi Arabia and Kuwait, which had increased production substantially. Iran, instrumental in obtaining the 11th-hour agreement, will continue producing at an unchanged rate. This is because the effects of its war with Iraq have already cut its output to below its 2.3m b/d quota under the old Opec ceiling.

Iraq was exempted from the agreement because Iran said it could control its enemy's output militarily.

The Soviet Union, which has been exporting about 1.5m b/d, has co-operated tacitly with Opec in the past but it has not previously made such an overt gesture of support.

Oil and gas exports are the Soviet Union's main source of foreign currency. Sacrifice of a little volume would be well worthwhile if it helped to restore prices to the $18-a-barrel range which appears to be Opec's immediate target.

In London Mr Mehdi Varzi, oil analyst for Kleinwort Grieveson, stockbroker, said the Soviet cut would give Opec a psychological boost which would improve its chances of success in the new strategy.

In New York Mr Peter Beutel, oil analyst at Elders Futures, said: "Everyone seems comfortable now with oil in the $15 range." With the market quiet during the holiday period, the Soviet announcement had had little effect. He said a cut of 100,000 b/d was "somewhat of a token, but politically wise of the Soviets."

Other analysts suggested the Soviet Union might be experiencing renewed problems with its oil production and so would be doubly willing to make a small cut before the colder weather began to raise demand

So far other non-Opec oil-producers have been slow to agree to help the organisation by cutting production. Mexico has agreed to cut output by 150,000 b/d, to 1.35m b/d.

However, most other producers, including Norway, have said they would wait to see how well the Opec agreement held next month. The UK has steadfastly refused to co-operate with any price-fixing oil cartel.

Sharp increase in coffee prices

BY ANDREW GOWERS

COFFEE PRICES rose sharply again in London and New York yesterday after Brazil, the biggest producer, cut the official estimate of its drought-damaged 1986 crop.

On the London robusta futures market November coffee rose £120 in active trading to close at £2,172.50 a tonne, £270 up on the week and at its highest level in more than three months. Prices registered similar gains in New York.

Traders predict coffee supplies on the world market will become tight from November because of a shortfall in Brazilian supplies which is unlikely to be made up straight away from other sources.

This follows a forecast by the Brazilian Coffee Institute on Thursday night that the country's 1986 harvest would total 11.2m bags (of 60 kg each), compared with an earlier estimate of 14.7m and with last year's bumper crop of nearly 30m bags.

Traders estimated yesterday that Brazil, which usually supplies almost 30 per cent of the world market, would fall well short of its 14m bag export target for the current marketing year.

Some suggested that as much as 5m bags, equal to almost 8 per cent of total world import requirements, would have to be found elsewhere.

However, the futures markets rise is unlikely to have an immediate impact on retail coffee prices in the UK. These rose by 15 per cent this year in response to a market rally which took prices to a peak of more than £3,000 a tonne in January. Roasters have not cut prices since then in spite of a subsequent decline in the futures market.

One trader said: "The roasters paid far too much for their coffee in panic buying at the start of the year. As a result, they were landed with big stocks of expensive coffee when prices plunged. By comparison, the latest rise can be fairly easily absorbed."

Meanwhile the rise in prices is having surprisingly little effect on demand for coffee. Nestle, the UK market leader, this week said coffee-drinking in Britain was 1 per cent up this year at a record, close to 100m cups a day.

The latest rally is another blow to the International Coffee Agreement, the price-stabilisation pact. Its export quotas were suspended in February because of the earlier price rise. They are not now considered likely to come back into force this year.

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CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
BP	643	+ 8
Flextech	63	+ 13
Good Durrant Mrry	146	+ 6
Grand Met	386	+ 8
Greenbank	58	+ 9
LCA Hldgs	93	+ 6
Lucas Inds	531	+ 8
Royal Insce	832	+ 13
Samuelson	190	+ 20
UDO Hldgs	150	+ 15
Unigroup	104	+ 12
United Packaging	105	+ 10
FALLS		
Conv 9½pc 2005	£101¼	− ⅝
Burton	300	− 8
Cable & Wireless	329	− 14
Fobel Intnl	57	− 7
Highgate & Job	125	− 10
New Court Nat Res	11	− 4
Pentland Inds	465	− 15
Tay Homes	120	− 12

WORLDWIDE WEATHER

UK today: Bright with showers, cool. Early rain in SE. Bank holiday outlook: sunny intervals, showers.

		Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	27	81	Corfu	S	32	90	Luxmbg.	R	16	61	Peking	S	29	84
Algiers	S	36	97	Dallas	F	21	70	Madeira	S	25	77	Perth	R	14	57
Amsdm.	C	18	64	Dublin	C	13	55	Madrid	S	31	88	Prague	F	16	61
Athens	S	33	91	Dbrvnk.	S	29	84	Majorca	S	33	91	Rykjvk.	F	11	52
Bahrain	F	39	102	Ednbgh.	F	13	55	Malaga	S	28	82	Rhodes	S	29	84
Barclna.	S	29	84	Faro	S	26	79	Malta	F	29	84	Rio J'ot		—	—
Beirut		—	—	Florence	S	29	84	M'chstr.	C	16	61	Rome	S	29	84
Belfast	R	10	50	Frankft.	F	19	66	Melbne	S	21	70	Salzbrg.		—	—
Belgrd.	S	24	75	Geneva	S	29	84	Mx. C.†		—	—	S'ciscot	R	12	54
Berlin	C	17	63	Gibrltr.	S	24	75	Miami†	F	28	82	Singapr.	F	31	88
Biarritz	F	26	79	Gl'sg'w.	C	13	55	Milan	S	25	77	S'tiagot		—	—
Bmghm.	C	16	61	G'rnsey	S	17	63	Montrl †	S	14	57	Sckhm.	F	12	54
Blackpl.	F	15	59	Helsinki	F	16	61	Moscow		—	—	Strasbg.	F	21	70
Bombay	C	28	82	H. Kong	F	30	86	Munich	S	27	81	Sydney	S	18	64
Bordx.	F	26	79	Innsbrk.	S	26	79	Nairobi	F	23	73	Tangier	S	34	93
Boulgn.	C	18	64	Invrnss.	F	14	57	Naples	F	30	86	Tel Aviv	S	30	86
Bristol	C	17	63	I.o.Man	C	15	59	Nassau		—	—	Tenerife	S	29	84
Brussels	C	19	66	Istanbul	S	31	88	Nwcstl.	R	11	52	Tokyo	C	29	84
Budpst.	F	20	68	Jersey	F	19	66	N Delhi	S	32	90	T'r'ntot	S	14	57
Cairo	S	34	93	Jo'burg.	F	18	64	N. York†	S	19	66	Tunis	S	31	88
Cardiff	C	18	64	L. Plms.	S	29	84	Nice	S	27	81	Valencia	S	36	97
Cape T.	F	19	66	Lisbon	S	26	79	Nicosia	F	30	86	Venice	S	26	79
Chicg.†	F	19	66	Locarno	S	23	73	Oporto	S	21	70	Vienna	F	25	77
Cologne	C	18	64	London	C	18	64	Oslo	C	13	55	Warsaw	C	15	59
Cpnhgn.	R	12	54	L. Ang.†	F	18	64	Paris	C	17	63	Zurich	S	19	66

C—Cloudy. Dr—Drizzle. F—Fair. Fg—Fog. H—Hail. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow. T—Thunder.
† Noon GMT temperatures.

Speculators push platinum close to $600 an ounce

BY ANDREW GOWERS

PLATINUM PRICES scaled six-year peaks close to $600 (£403) an ounce yesterday as speculators, particularly in the US, continued to pile into the market. However, trading remained extremely volatile. In New York, platinum futures closed lower on the day.

On the London market, prices rose to a mid-point of $594.50 at one stage during the day, but eased on profit-taking to be fixed in the afternoon at $585.50—nearly $20 higher on the day. On the New York Mercantile Exchange, which is providing most of the market's present momentum, October platinum futures reached a high of $594.50 in early trading, before falling back to a low of $567.10 before closing $11.20 lower at $571.70.

Exhausted traders said the activity was almost entirely speculative, as it has been for most of the past fortnight—a period which has seen London prices rise by almost $100 an ounce.

"The American speculators have suddenly spotlighted the fact that platinum is a strategic metal, that 85 per cent of the western world's supplies of it come from South Africa, and that there are very few stocks of it around in the world," said Mr Brian Nathan, managing director of Ayrton Metals, a London platinum marketing company. "It's a success story, and success breeds success.

"But there's an element of hype in all this. The market is extremely vulnerable."

The speculation comes against the background of tightening supplies. Demand for platinum, a key ingredient in pollution control devices, particularly in the US motor industry, has increased sharply.

If the price continues to rise, it will have an increasing impact on US motor manufacturers' costs. Rustenburg, the largest South African producer, sells its metal on the basis of free-market prices, which have only recently risen above the fixed producer price of $475 an ounce set by Impala, the other main South African platinum mining company.

It is estimated that the catalytic converter anti-pollution devices in American cars contain one-twentieth of an ounce of platinum on average.

The gold price, which has also risen in recent months—largely following platinum's lead—closed at $382.875 an ounce, down $0.375 on the day and unchanged on the week. The metal rose close to $400 at one point during the week, but failed to sustain that level

Continued from Page 1

Yorkshire

The main reason for Yorkshire's flotation is to meet the Independent Broadcasting Authority's wish for a wider ownership of the company's shares, particularly among employees and Yorkshire residents.

All the shares being sold will come from the four major shareholders in the company. Yorkshire Post Newspapers is selling its 9.8 per cent stake. Bass, W. H. Smith and PL Publishing are each cutting their stakes to 21 per cent. PL Publishing is a subsidiary of Pearson, which also owns the Financial Times.

All four companies will realise useful gains through the flotation. Bass and PL Publishing, which bought at 25p a share in 1982, will make profits on their investments of £1.1m each. The Yorkshire Post, which bought at 25p in 1982, will make £3.2m. W. H. Smith, which bought at 88p in 1984, will make £1m.

Yorkshire is coming to the market on a pre-tax profits forecast of £8.25m for the year to September compared with £3.6m last year. Part of this increase represents a recovery from a year of poor advertising revenues. The year to September 1984 brought pre-tax profits of £5.4m.

Continued from Page 1

D-Mark

rates helped to weaken the prices of gilt-edged Government bonds, and longer-dated bonds lost ¾ of a point on the day.

The equity market, however, recovered earlier losses. The FT Ordinary share index gained 4.1 on the day to 1,271.2, wheer it was just 0.2 up over the week. The broader FT-SE 100 share index added 0.3 on the day to end the week 5.2 higher at 1,607.1.

THE LEX COLUMN

A circular argument

Any Guinness shareholders who have yet to make up their minds on the proposed board structure will hardly be swayed one way or the other by the long awaited circular from the company. Very little new information is contained therein and the delay in publication can be attributed only to the desire of the Guinness executives to square each jot and tittle with every authority from the Archbishop of Canterbury downwards.

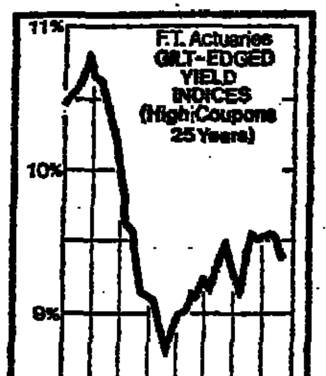
The Department of Trade and the Bank have had some success in toughening up the rules covering the non-executive committee that is to hire and fire, but Guinness has not conceded on any point of principle. The only consolation for those few fund managers still in a state of outrage rather than world weariness is that Mr Ernest Saunders has lost credibility and that he and any other takeover artist will in future be more careful before making ill-thought out pledges in the heat of a contested battle.

The board has still not fully explained why the original Distillers / Guinness structure would not have worked. If it was just a matter of personalities then Guinness could have dispensed with the services of Sir Thomas Risk and chosen another non-executive chairman. To allege that the incompetence of the Distillers companies came as a shock is a bit rich. It was because this was well known that the City was so willing to entertain bids for the company. The same desire to see the company managed should direct shareholders to support the board's current proposals.

Unit trusts

A flood of money into unit trusts may, for the cynic, be a sign of a market peaking out, but it is certainly cash flow that the market cannot ignore. Gross sales of units in July were double the level of a year ago and the fact there are still only 3m unit trust accounts—and much fewer actual investors—can be no comfort to the building societies whose deposits are growing at a fraction of the rate. The sale of British Telecom and the proliferation of company option schemes have done their bit to encourage people to invest in equities at only one remove; and the tax advantage to basic-rate payers of unit trusts over single-premium policies has obliged the life companies to push trusts directly through their formidable distribution networks.

Index rose 4.1 to 1271.2



Any remaining competitive disadvantages, against investment trusts or life insurance, are falling one by one: if the DTI has its way, unit trusts will be able to cold-call customers, gear up and invest in property, unlisted securities and commodities. It would be ironic if a movement, known for its liquidity and horror of nasties, were to lose this reputation in its salad days.

Gilt-edged market

It has been a miserable summer for the glit-edged market. Yields have climbed since the April low and there has not been a base rate cut since May. So the little flurry of excitement caused this week when the prospect of lower UK interest rates appeared briefly was understandable. The market had already found some encouragement from good news on the UK budget deficit—though only a determined optimist would forecast a 1986-87 PSBR undershoot so early in the year.

The Bank of England made its opinion as clear as the Bank ever does, quickly putting down base rate rumours. Indeed a fall looks most unlikely at least until the West German discount rate has been cut, a move which might take place next week but could be delayed. The UK authorities are clearly concerned about sterling, which found even the hint of a lowering of interest rates uncomfortable. If the pound is weak, particularly against the D-Mark, there is little chance that a cut will come.

Even so the market is confident that base rates will be lower than the current 10 per cent by the end of September, as witnessed by the money market yield curve now sloping downwards again. There is even a theory that the best time for a cut would be October in order to help the British Gas flotation, itself a key part of the Government's funding strategy. If there were another cut in the US discount rate soon, UK rates might even fall twice, to 9 per cent, by the year end.

Conventional gilt-edged stocks look set for a rally, especially now that the unpopular tap has run out and been replaced by more manageable taplets spread through the maturity range. There seems less hope of a run in index-linked stocks just yet, though there has been some institutional switching into them. While a modest rise in inflation looks inevitable from the present low level, few serious economists are expecting the RPI to race ahead again. Index-linked stocks are more of a political hedge, and there may be more to fuel them when the politicians return envigorated from holiday.

Agricultural land

Agricultural land has hardly proved the most fertile investment for the institutions since they first took an interest in the early 1970s. It seemed a good idea at the time with inflation rising and stock markets falling. But only those who picked the better base dates can now calculate a long-term return better than inflation.

The problems of the farming community are well known to any regular listener to the Archers. Those of the institutions go further. They own less than 1 per cent of agricultural land and have created through their purchasing policies an extremely illiquid market. Now that land prices are sliding, institutions are locked into their investments with little chance of buyers appearing. Rents are still just creeping up, and yields have reached 6 per cent or more, which is not much of a return compared with other options. The best hope, apart from selling to tenants, is that someone will want their land for other uses — there is apparently a national shortage of golf courses — or that their farmhouses are pretty and within sports car range of stockbrokers and USM millionaires.

Registered at the Post Office. Printed by St. Clements Press for and published by the Financial Times Ltd., Bracken House, Cannon Street, London, EC4P 4BY.

WEEKEND FT

Saturday August 23 1986

• MARKETS • FINANCE & THE FAMILY • PROPERTY • TRAVEL • MOTORING • DIVERSIONS • HOW TO SPEND IT • BOOKS • ARTS • TV •

Master of Singapore

Lee Kuan Yew has ruled Asia's city state for 27 years. Chris Sherwell looks at the man and his achievements.

THE INVITATION to the majestic Istana building in the heart of Singapore is for 8 pm. No one is even a minute late. The guests, who include ministers, are shown into a large room, at the end of which stand the hosts: Lee Kuan Yew, the Prime Minister, and his wife. An uneasy stroll across the expanse of space and they are in the presence of the great man.

The high forehead, prominent eyes and back-combed silver hair look as distinctive as ever. As always he is well-groomed and probably fresh from a jog, a ride on the exercise bicycle, or a round of nine holes on the Istana golf course. But mostly he has been working, and that is what is constantly on his mind.

Dinner with Lee is an unusual experience, according to those who have had the privilege. Now 62, he has towered over the island state for some 30 years and led it for 27. Singapore celebrated 21 years of independence this month, and its much - heralded success is not the random result of 2.5m people's unfocused effort but a direct reflection of their leader and his ambitions, for himself and his country.

Now one of Asia's longest surviving heads of government, Lee Kuan Yew thinks big—and that makes light-hearted dinner-conversation impossible. It is Lee who talks of international politics, trade and finance, and there is little on which he does not have a view. As a result, it is not just outsiders who find the occasion difficult. Even the ministers speak only when spoken to, and have trouble countering him.

A Western diplomat says Lee has reached a critical point: "In the 1950s he outwitted Communist opponents and more popular colleagues in fighting his way to the top. He got an unshakeable grip on parliament and government in the 1960s. He used that to convert a trading entrepot and British military base into an international manufacturing and banking centre in the 1970s. Now, he feels he must protect and defend it all for the future."

Much has been written about the Lee Kuan Yew of old—the stubborn Hakka called Harry who could not speak or read Chinese; the star pupil who was brought up to be the equal of an Englishman and studied law at Cambridge; *the ambitious politician who knew exactly what he wanted and did anything to get it*; the leader who saw his country's salvation in a merger with Malaya, only to be thrown out and forced to forge a Singaporean identity. But that is history. What kind of man is Lee Kuan Yew now, and what kind of society does he want to defend?

Singapore is clean, green, modern and efficient. It is a place where things work, like the airport and telephones, and where you can buy almost anything but drugs and pornography. A cosmopolitan, urban city state with high-rise living but safe streets, it is dominated by overseas Chinese with a leavening of Malays and Indians.

Sculpted from the jungle and clawed back from the sea, Singapore has pulled itself up with nothing but its people, and made good. As such, it is difficult not to think that it should be seen as an example to the world, and especially to the Third World. Most Singaporeans believe this to be true, which is one reason they occasionally find themselves disliked in the region.

Outsiders dislike other aspects of Singapore, too. The biggest irritant is its sterility, borne of over-regulation. It is one thing that the government executes drug-pushers, imposes heavy penalties to outlaw habits like spitting or littering, and clamps down heavily on gambling, motorcycle "hell riders" and persistent traffic or parking offenders.

People can tolerate even the heavy censorship of films (sex, not violence), the confiscation of incoming videotapes, the unavailability of Cosmopolitan magazine, and the ban on breakdancing. They can also withstand the obliteration of Chinatown, the attempts to prevent taxi-drivers criticising the ruling People's Action Party (PAP), the suffocation of the government-guided local press, and the lamentably land-locked attitude of people at one of the world's great international crossroads.

However, it is another matter when Lee starts voicing his worries about the growing tendency of graduate women not to marry or have children. Back in 1984, he told stunned Singaporeans that the country's lopsided pattern of procreation would mean that "levels of competence will decline, our economy will falter, the administration will suffer and society will decline." He even began introducing controversial incentives and deterrents to reverse the trend, but the reaction was wholly adverse and the policy was eventually shelved.

There was another sledgehammer response to dissent when the Law Society dared recently to criticise the government's peculiar plan to restrict the sale of foreign publications that persistently criticise Singapore's domestic affairs. To everyone's astonishment, several senior ministers roundly condemned the society's "unwarranted interference" in public policy, which they called "the domain of the government."

More than anything else, the press law demonstrates how Lee, the prime mover behind it, sees the country as a "black box" with internal operations that must not be revealed, scrutinised or questioned — even at the cost of jeopardising Singapore's much-vaunted plan to be an international business, services and information centre.

Those operations are indeed a closed book. There is information to be gleaned about the intolerant PAP or divisive Cabinet arguments, about extravagant defence purchases or controversial arms sales, about contacts with countries like Vietnam, Israel or South Africa, and about smuggling and barter trade from nearby countries. Likewise, there are accounts about the tentacles of internal security and Singapore's external defence strategy against a potentially belligerent neighbour in Malaysia, about missed opportunities in the investment of the country's reserves, and about suspicious government transactions.

However, it is all virtually impossible to document. Singapore's ship of state, unlike others, rarely leaks from the top — and more's the pity for Singaporeans who might wish to know something about what lies behind the decisions affecting them. In one banker's view, it is impossible to escape the impression that, whatever ordinary people or even the lower levels of the bureaucracy might think, if Lee and a couple of key aides decide something should be done, it will be, with the metaphorical push of a few buttons.

Fortunately, success has bred success, or so it has seemed. *In fact there are mistakes*, but these are rarely acknowledged. The government has contributed shamelessly to Singapore's appalling property glut. It also needlessly tolerated the growth of an unstable pyramid system of share market financing which, when it collapsed last year, devastated confidence.

Popular ignorance goes further. Many Singaporeans do not know that Lee, his own house, the Istana, the local currency printing plant, the currency issuing agency, and certain detention centres are all defended not by the Singapore armed forces, but by a praetorian guard of 780 Gurkha troops. On the other hand, many are aware how Lee has pursued Singapore's interests much as he has looked after his own—in classic Asian style, changing course only when forced to do so or when persuaded that an alternative will be better.

That is why he has fought so hard for continued trade privileges under the generalised system of preferences, despite Singapore's per capita income of US$6,800. It is also why the country is so slowly and belatedly adopting copyright legislation—there are just too many strategic advantages in pirating sophisticated computer software.

To speak to thinking Singaporeans, this sort of behaviour is mostly something to appreciate and respect. To learn from and copy others is one of Singapore's great talents. But it is also something to worry about. Some Singaporeans are concerned about their own international standing — not just because they are proud but because there is a danger that, if they become pariahs, their future growth will be stunted.

Hitherto, there has been no doubt about Lee's standing on the world stage. At home, however, the critical question for Singaporeans is whether the ways of the past are appropriate to the future.

Old Singapore hands say the moment the lid is lifted, trouble will follow—if not between the races, then among the fractious Chinese groups themselves.

That, they say, is why Lee has generally been so tough; he might feel the Malays have not done enough to help themselves in competing with the dominant Chinese, but he does not wish to see any grievances worked out on the streets.

More modern thinkers say the country would blossom if Lee and his government could only learn to relax. They reckon Singaporeans now have too much of a vested interest in the country's stability and its infrastructure to jeopardise it—that Lee has created the Singaporean identity he wanted, with real roots and a good chance of approaching mature growth.

If Singapore is moving inexorably into a new, more mature world, there is one small sign that Lee himself, ironically, is having trouble coping — as anyone could have seen in the National Assembly earlier this month. Not only was the legislation on foreign publications hammered through — there was also a most unbecoming political joust between Lee and Joshua Jeyaretnam. It was the latest in a long round of heated exchanges between the two men since 1981, when Jeyaretnam ended some 18 years of one-party parliaments in Singapore by winning a hotly contested by-election. In December 1984, he retained his seat in sensational fashion at a general election by defeating one of Lee's proteges.

In the months since the 1984 election the impression has resurfaced that the PAP will do anything it needs to in order to retain power. The atmospherics have also changed regarding the succession. Until the election, Lee had been suggesting openly that he would follow US corporate practice and simply retire at 65. He had hinted he might take the presidency—not the formal position under Singapore's present constitution but a new executive office with the power to prevent the country's large reserves being squandered. He also talked of handing over more responsibility to his carefully groomed second generation of leaders. Now, it seems that these were arguments appropriate for the good times when the economy was booming and the country was heading happily for its 25th anniversary of self-rule amid a torrent of patriotic self-congratulation. Those times have changed drastically.

Last year, in a breathtaking blow, Singapore's dependent economy was shunted abruptly into reverse. The immediate result was that in 1985, for the first time in 20 years, Singapore showed a contraction in output, of 1.8 per cent in real terms—a numbing setback from the 8.2 per cent expansion seen in 1984 and similar levels earlier. This year the country will be lucky to see any positive growth.

The more important consequence is that less is heard of Lee's future plans, and most people regard it as academic whether he is prime minister or some new kind of president. He plainly sees it as his duty to stay at the helm with his hand on the tiller as long as there is an important job to be done.

Lee has duly presided over some tough economic measures, some of which have involved awkward reversals in policy, and he has raised his public profile by leading the campaign abroad in search of fresh trading opportunities and new foreign investment. Simultaneously, the expectation has grown that none of the so-called second generation leaders is likely to succeed him—that, just as little can grow in the shade of the ageing banyan tree, so they cannot truly flourish. Instead, the view is emerging that the mantle could pass directly to a member of a still younger generation —Lee's talented son, 34-year-old Lee Lsien Loong.

In 1983, having risen in the space of a few years to the rank of brigadier-general in Singapore's armed forces, the young Lee entered politics and won a seat in parliament. He has since become a minister. Known as "BG" because of his military rank—jokers say it stands for Baby God—General Lee has been catapulted into a pivotal role dealing with Singapore's economic troubles.

General Lee is so prominently associated with the government's raft of economic measures that, if they work, he could reap his reward. No one would be more delighted than his father, whose confidence and trust in the other possible contenders for the succession often looks less ebullient by comparison. According to those who know him, the young Lee is as tough as his father and has the charm of his equally talented mother, another lawyer.

Prime Minister Lee is not shy about the question of whether, as many believe, *he wants to create a dynasty*. His son, he says, will find his own level. Whether he would take the same stands as his father is another matter. Lee has always said Singapore's future depends on confidence, inside and outside the country. But as a local economist noted percipiently, this improbable island, squeezed between the coasts of Sumatra and Johore, is more like a confidence trick, in which people are willingly persuaded of its stability and its prospects.

That is Lee's achievement, although the magic may not be repeatable. Should Singapore fail to attain its much-vaunted society of excellence and distinction by 1999, it could go the way of most city states. But no one should doubt that it still has plenty to fall back on.

The Long View

All aboard the money-go-round

John Plender argues that the financial sectors of Anglo-Saxon economies may have become rather too sophisticated for their own good

ONE OF the more striking features of the present economic cycle is the way in which financial activity has simultaneously burgeoned, and become remote from what most of us regard as the real economy.

At the micro level, the trend can be seen in the fashion for corporate treasurers and finance directors to turn their departments into "profit centres." They have graduated from the mournful task of imposing financial discipline on the rest of the organisation to the more exciting arts of cash and liability management, deploying a whole armoury of new financial instruments such as swaps, futures and commercial paper to increase cash returns and reduce the cost of their company's existing borrowings. They are busy making money out of money when the business, as like as not, is making far too little money out of investment in plant and machinery.

The same tendency can be seen on a grander scale in new figures published this week by the central banks of Britain, the United States and Japan on foreign exchange market dealing. In all three countries, turnover has rocketed: in London it averages $90bn a day, or nearly double recent estimates. Yet, the Bank of England's figures show that only 9 per cent of banks' total trading volume is undertaken directly for customers.

Even allowing for the fact that a company's foreign exchange requirements may call for separate interbank transactions, this confirms, once again, that exchange rate movements nowadays have everything to do with private capital flows and very little to do with trade in goods. Where exchange rates used to move in response to underlying trends in a country's trade balance, we now find that the balance of trade is dictated by capital flows.

Conventional explanations of exchange rate behaviour are not the only things to have gone by the board in the past five years. There has also been a curious upheaval in the pattern of capital flows. The natural importers of capital in the world economy ought logically to be the developing countries. This was certainly true in the 19th century when Britain recycled the personal sector's savings to finance economic development in the Americas and the British Empire. It was also true in the 1970s when the non-oil, less-developed countries received, through bank intermediaries, the savings of those oil producers whose ability to absorb revenues from a fourfold increase in prices was limited.

In the present, disinflationary economic cycle, the main imbalances are not between the developed and the developing world but between the developed world's Big Three economies. Japanese and West German savers have stumped up to allow the United States to indulge its urge to borrow and consume beyond its capacity to save.

To pour savings into the world's biggest economy in this way seems a mite perverse for the Japanese, who live with a poor housing stock and relatively undeveloped infrastructure. It may not, on the other hand, be wholly perverse for the United States—or, indeed, any other First World country—to become a capital importer. External finance was needed to develop Britain's North Sea oil resources, for example, even though the markets were reluctant to recognise it until the IMF had given its seal of approval in 1976.

The Americans now have a genuine need for external capital because much of their industrial heartland has been run down, not least because the recent inflow of capital raised the value of the dollar to the point where US exports became uncompetitive in world markets. Having emerged as the world's biggest debtor last year, the US now stands to reindustrialise in order to generate a trade surplus capable of servicing a mountain of debt in the 1990s.

The trouble with relying on capital imports to do the job is that the mechanisms linking the remote foreign capitalist and the domestic entrepreneur do not necessarily produce the right balance of investment. Witness the problems of Australia, which this week announced its toughest budget for 30 years in an attempt to restore international confidence.

Australia under Bob Hawke has relied heavily on capital exports to revive the domestic economy. But while such Australian entrepreneurs as Robert Holmes à Court buy into America's ailing steel giants and John Elliot of Elders IXL tilts at Britain's Allied Breweries, Australia's home industrial base has yet to develop to the point where the economy is liberated from its long-standing dependence on minerals and agriculture.

With both these sectors suffering adverse shifts in the terms of trade, the current account deficit yawned uncomfortably wide and international capital rebelled. Hence the budget attempt to trim First World expectations to what remains a Third World economy.

The US enjoys greater latitude to borrow in its own currency but has worries of its own on investment. President Reagan's 1982 supply side tax incentives for industrial investment were nullified, in the tradeable goods sector, by the overvalued dollar; and his new, momentous tax reform proposals actually impose a bigger burden on industry, which will increase the pressure for further dollar devaluation or, alternatively, protection.

Could Britain face similar difficulties when it moves back into deficit as North Sea oil runs down and the non-oil sector of the economy is in need of revival? Certainly, its financial sector, like that of the US and Australia, is capable of manufacturing great volumes of tradeable debt. Its investors are mesmerised by short-term performance measurement. Its industrialists still feel hampered, vis a vis the less financially sophisticated Germans and Japanese, in investing long term at the expense of short-term profit.

It could be that these Anglo-Saxon economies suffer from overdeveloped financial systems and underdeveloped economies — and that capital imports, however tempting, are a mixed blessing.

CONTENTS

•MARKETS•

Maxwell the showman makes the week buzz

IT HAS been Mr Robert Maxwell's week.

That said, Mr Maxwell's outsize and tireless frame has become such a ubiquitous part of British public life — be it campaigning for the Commonwealth Games, publishing Mirror Group Newspapers or cheering on Oxford United football club — that every week might be described as his. Mr Maxwell, never one for false modesty, would doubtless share this view.

But, from the viewpoint of the London Stock Market, the last six days have been especially dominated by Mr Maxwell who, showman that he is, has produced a succession of surprise announcements with great theatrical flourish.

On Monday, nearly a month before expected, came the interim figures of British Printing and Communications Corporation (BPCC), the publicly quoted group which he heads, and good figures they were too: pre-tax profits had more than doubled from £11.43m to £27.55m.

Tuesday brought word that BPCC was to launch an agreed bid for the Philip Hill Investment Trust (PHIT), which had been faced with a shareholder revolt over its poor performance and rival plans to change its investment policies.

Mr Maxwell's intervention was gripping drama. Here was one of the more controversial of British businessmen donning the armour of a white knight to rescue Lord Keith, PHIT's chairman, a City grandee with a reputation for ruthlessness that quite matches Mr Maxwell's. There was added irony in the fact that twice in the past year Lord Keith has himself led boardroom revolts at poorly performing companies—STC and Beecham.

Wednesday brought confirmation of that deal—and a £355m price tag—while BPCC simultaneously announced a $111m (£74m) bid for Webb, a US magazine publisher. And throughout the week there was an exciting sub-plot to keep the audience on the edge of its seats—Mr Maxwell was steadily building up his stake in Extel, the information group, towards his probable target of 29.9 per cent, as he tried to block its plans for a US acquistition.

All this gave some spice to what was otherwise a very dull week in the equity market—hardly surprising given that this was the middle leg of a three-week trading account at the height of the holiday season. The FT Ordinary share index, which closed a week ago at 1,271, edged up and down indecisively, and by Thursday night was slightly lower at 1,267. The FT-SE 100 meanwhile had moved a little in the other direction, from 1,601.9 to 1,606.8.

The mid-week cut in the US discount rate had little impact in London after the Bank of England made clear that hopes of a similar base rate cut were premature. Other equity features included disappointing results from Standard Chartered Bank (a two per cent fall in interim pre-tax profits) and from Horizon Travel, while the market also took against W. H. Smith's finals.

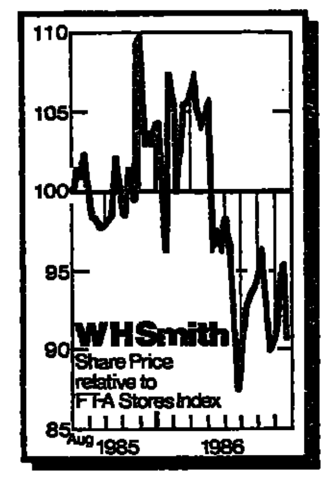
But what to make of Mr Maxwell's flurry of announcements? First, the BPCC figures: although good, they are not quite as dramatic as a quick glance might suggest. For they include

London

a big jump in "interest receivable and other income," from £119,000 to £8.5m. This, it is said, was due to reinvesting the proceeds of a US dollar loan secured on advance subscriptions from Pergamon journals. So while the BPCC treasury gets high marks for initiative, the boost may be non-recurring. At the same tim, trading in all divisions seem to have improved substantially, while the dispute at the Purnell printing plant cost about £5m.

Analysts are going for full year pre-tax profits of about £80m, putting the shares on a prospective p/e (actual tax) of about 11 and a good yield of well over 6 per cent.

A stake in BPCC is very much a stake in the mercurial Mr Maxwell and his much repeated ambitions of building a £3bn turnover international communications group by 1990. That plan is being taken a lot more seriously in the City following the bid for PHIT. Mr Maxwell would liquidate its portfolio, giving him a large



war-chest for acquisitions. In Britain, Extel is a prime target.

Mr Maxwell has been forbidden by the Takeover Panel from launching a hostile bid until next year, but he could make an offer before then if this was recommended by the management. His present tactics appear designed to encourage them in this direction.

The acquisition of Webb, a Minnesota-based printing and publishing group which specialises in agricultural and company magazines, may not seem particularly exciting at first sight. It made pre-tax profits last year of $10.9m on sales of $177m, which puts the purchase on a historic multiple of around 16. That is not too bad a price, but much more important is the fact that this gives Mr Maxwell his first major foothold for expansion in the US.

The dramatic change taking place in the publishing industry was reflected in this week's figures from W. H. Smith, which has had to carry out a major reorganisation of its wholesale operations during the past year to cope with Mr Rupert Murdoch's decision to use other channels for the output of News International's picketed Wapping plant.

Smith's figures showed that it had taken prompt effective action to deal with the problem. But despite this, and the fact that its pre-tax profits for the year rose 14 per cent to £49.2m—in line with the group's own forecasts—the market was disappointed and the share price fell.

Concern centres not on Smith's traditional retailing operations, which recorded a strong performance, but on the effectiveness with which it is pursuing its strategy of shaking off a traditionally dull image by moving into specialist retailing. Smith was criticised earlier this year for paying too much (£43m) for the Our Price record chain, and its £1.9m contribution disappointed a market expecting £2.4m. There is similar concern over the performance of Elson's, a $65m US acquisition, which runs news and gift shops at hotels and airports. However, Smith is expecting a better performance here from new openings and improved central management.

Analysts are going for around £58m pre-tax in the current year, putting the shares on a prospective multiple of 14.5, low relative to the stores sector, which they have underperformed for much of the year.

While much of the City was away on holiday, Horizon Travel, the number three package tour operator, produced a gloomy set of figures: pre-tax losses of £5.44m in the six months to May, against losses of £3.6m last time (stripping out currency and aircraft sales gains).

Horizon suffered last summer by not engaging in the price war between market leaders Thomson and International Leisure (formerly Intasun). It reversed this policy for the winter but then lost margin.

This summer looks somewhat healthier, with bookings nearly doubled and a 95 per cent load factor. There are hopes for a similar rise in the winter, and all the leaders are looking for good volumes next summer. Horizon expects that profits for the second half of this year will eliminate the first half losses, but analysts believe investors may have to wait until 1988 to see a significantly improved upturn.

Martin Dickson

HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1986 High	1986 Low	
FT Ordinary Index	1,271.2	+ 0.2	1,425.9	1,094.3	Cautious awaiting base rate moves
Ault and Wiborg	48	+14	48	31	Possible sale of printing inks division
BP	643	+43	643	518	US buying/2nd-qtr figs due Thursday
Century Oils	140	+16	150	83	Talk of broker's "buy" circular
Combined English Stores	228xr	+17	265	149	Acquisition of Zales
Dale Electric	51	− 9	79	51	Reduced dividend and annual loss
De Beers Deferred	428	−27	527	312	Disappointing interim figures
Dewey Warren	75	−15	185	68	Disappointing mid-term results
English Trust	155	+30	157	91	Rumours of 200p per share bid
Glaxo	950	−50	£11¼	756	US selling/Zantac competition fears
Goode Durrant and Murray	146	+23	146	75	Impala Pacific stake speculation
Heath (C. E.)	474	−31	705	468	Concern over Australian interests
Hill (Philip) Invest. Trust	320	+22	332	263	Agreed bid from BPCC
Jaguar	485	−58	585	335	Profits downgraded after interim figs
Reed Executive	368	+25	390	198	Sale of Medicare to Dee Corporation
Robinson (Thos.)	355	+15	360	145	Good annual results
Shell Transport	885	+30	885	660	US buying/firm oil prices
Sun Alliance	694	+41	763	520	Interim results due September 3
TI	490	+26	584	353	Rumours of consortium bid
Triton Europe	123	+26	280	82	Paris Basin exploration hopes

Air Call switches channels

"AS A small shareholder, what can I do?" wailed an aggrieved investor in Air Call. "I now have a choice of selling my shares for a great deal less than I paid for them or accepting shares in a private company. To me, that is no choice at all."

Last week, Aircall, the radio communications group, unveiled proposals for a restructuring whereby it will become a private company again by buying itself off the USM.

Aircall says it is no longer in a position to fulfil its obligations to shareholders as a publicly quoted company; that the market in which it operates is so competitive that losses are inevitable until the late 1990s; and that it will be unable to develop further without a huge injection of capital.

Bell South, the Georgia-based telephone group, is prepared to provide that capital. So Aircall Holdings—the company from which Air Call was floated and the majority shareholder—proposes to buy back the shares in public issue and to sell that 40 per cent holding to Bell South. Shareholders have been offered 225p in cash for each share or a one-for-one swap for shares in Aircall Holdings, a private company.

It is scarcely unusual for companies to "exit" from the USM. What is unusual is the manner in which Air Call has chosen to leave.

The conventional exit route for an unsuccessful USM (or main market) company is via a takeover by another publicly quoted company. Thus, shareholders are offered the traditional choice between cash or shares in the merged public company.

Air Call's investors have been offered a choice between cash or shares in a privately quoted company. The shareholders in Gilbert House, the property group which faces a takeover bid by a private company, now face a similar choice.

When Air Call joined the USM in 1980—as one of the group of eight companies which came to the market on the first day of trading—it looked like a paradigm of the perfect USM stock.

As the British-based communications division of Aircall Holdings, Air Call operated a small radio-paging and mobile radio network in three cities. The telecommunications field was about to explode. By floating on the USM, Aircall could raise the capital needed to establish a national service.

Late in 1980, Air Call was almost alone in the radio-paging field. British Telecom then sported just one centre in Reading. But BT swiftly realised the market's potential

USM

UNLISTED SECURITIES MARKET

and invested heavily in radio-paging and the market became more competitive than Air Call had ever expected.

"We had always known the market would be competitive, but had no idea of just how competitive it would turn out to be," says Warren Taylor, Air Call's chairman.

By late 1983, it was clear that Air Call needed to broaden its income base. The government was due to award cellular radio licences the following year and Air Call was optimistic that it would secure one. But it was keen to reduce its reliance on British telecommunications; and when the opportunity arose to acquire Consortium Communications International, a US-based data communications service, Air Call took it, staging a rights issue to finance the acquisition.

Air Call's shares rose steadily early in 1984 to a peak of 470p in anticipation of a cellular radio licence—and fell just as steadily when the government announced it had awarded the licences not to Air Call but to BT and Racal.

Market conditions in radio-paging became even more competitive and Air Call's problems were compounded by CCI's plunge into losses. Late in 1985, Air Call sold a majority holding (60 per cent) of CCI to the US telecommunications group GTE.

The CCI disposal solved the problem of Air Call's rising borrowings but did little to solve its core problem, the intensely competitive climate in its core market. Air Call was confident that radio-paging would become profitable eventually, so took the tactical decision to protect market share at the expense of margins. In its five years on the USM Air Call's turnover had almost trebled, from £13.6m in 1981 to £36.9m in 1985; but pre-tax profit had plummeted from £963,000 in 1981, and a peak of £1.3m in 1983, to £139,000 in 1985.

"We expect to return to profit late in the 1990s but until then all we can promise shareholders are losses and no dividends," says Taylor. "From time to time we have received takeover approaches but always for part, never for the whole, of the business. What we really need is an international joint venture and Bell South would be the ideal trading partner."

So, where does all this leave shareholders? To the aggrieved investor who called the FT, a choice between cash or shares in a private company, which would be difficult to trade, is "no choice at all" (although, as Taylor points out, trading shares in a loss-making company would be no less difficult).

Under the terms of Air Call Holdings' proposals, a majority of 75 per cent of shareholders must vote in favour of the restructuring. Thus, technically, shareholders could reject the proposals.

Yet, they would then have to produce an alternative plan. And the future for a company with a dispirited board, a thwarted shareholder, no prospect of short-term profits and a dire need of capital investment would be grim indeed.

Alice Rawsthorn

BP trend likely to be down

THE GYRATING oil price makes it more than usually difficult to predict **BRITISH PETROLEUM'S** second-quarter figures, due on Thursday. As always, there are two different figures to watch. The historic cost net income, likely to be around £150m, is prepared under conventional accounting standards and depends heavily on the figure for stock losses. The replacement cost net income, which ignores stock losses, is probably the better indicator of the underlying trend of BP's trading and should be around £500m, down from the first quarter's £740m.

Exploration and production income is expected to have been hit by the falling oil price, but compensation has come downstream as margins have held up well as the petrol pump. Gas and chemicals profits should show a slight drop from the first-quarter figures of £42m and £53m. BP has already anounced that it will take a £300m extraordinary loss in respect of the write-offs at the 55 per cent-owned Sohio.

Buoyant life profits helped **PEARL ASSURANCE** overcome the poor performance of its general insurance activities last year, and a similar picture will emerge at the interim stage when the figures for the half-year to June come out on Wednesday.

However, the underwriting losses being masked by the strengths of Pearl's life fund should be markedly down. Last year's first half was hit particularly badly by a coincidence of adverse influences.

In the UK, property and motor insurance rates have been increased to cover heavy claims and extended warranty insurance has been virtually

Results due next week

discontinued. Overseas, Monarch of Ohio has now been disposed of, and a major loss-maker has been extinguished with the cancellation of its Saudi Arabian agency.

This should enable Pearl to cut the losses on its non-life business from about £5m to perhaps £3.3m; so with the life business forging ahead at the rate of about 20 per cent over the period, the market will be disappointed if net profits fall below £8.5m compared with £4.16m last time.

LADBROKE added a fourth leg to its hotels, property and racing business in April with the acquisition of Home Charm, the Texas Homecare DIY retailing operation, and the effects of this expansion will feed through into its results for the first time when the figures for the half-year to June come out on Thursday.

The core businesses themselves have been through a relatively quiet period. The hotel operations will have benefited from a programme of upgrading, with consequent increases in room rates, but at the same time Ladbroke is bound to have felt some of the downturn in tourism from the US. On the property side, significant increases are not expected to come through until the second half.

The betting shops should have benefited from the relaxation in legislation which allowed Ladbroke to introduce live broadcasting of racing into the shops. At the same time, the refurbishment programme has been speeded up with the introduction of the hitherto-banned refreshments.

Yet, most analysts still expect the bulk of Ladbroke's first-half improvement to have come through an injection of £3.75m from Home Charm rather than organic growth, and forecasts are in a narrow range around £31m compared with £25.5m last time.

TAYLOR WOODROW'S interim results, due on Tuesday, are expected to show pre-tax profits unchanged from last year's restated £19m. The restatement will reflect two accounting changes — a shift to take property profits above the line, and change to average from end-year exchange rates. With over half of its profits from overseas, the company will be particularly hit by the US dollar's decline.

That first accounting change reflects a strategic shift as Taylor Woodrow concentrates more effort on its property investment and development business. Although better profits from house-building should show through in the first half, contracting profits will be hit by losses at Octavius Atkinson and Seaforth Maritime, and by a run-down in lucrative Middle East contracts.

UK cement producers have had a surfeit of bad news recently, what with the OFT investigation into price fixing, the EEC decision to take no action against alleged East German and Polish dumping, and the arrival of two floating Greek cement silos. To add to the sector's woes, **BLUE CIRCLE'S** interim results, due on Wednesday, are expected to be hit especially by bad news abroad, because of unfavourable exchange rate movements.

The figures are likely to show pre-tax profits of £50m, down from last year's £52.5m but restated from £45m thanks to a shift from end-period to average exchange rates. That total will be lower despite a full contribution from 1985's two US purchases, Atlantic Cement and Williams Brothers. There will also be a £2m-£3m shortfall in the UK because of the Dunbar plant's lateness in coming on stream.

Company	Announcement due	Dividend (p)* Last year Int.	Last year Final	This year Int.
FINAL DIVIDENDS				
Heath, Samuel	Friday	—	23.0	—
Kennedy Smale	Wednesday	—	—	—
LDH Group	Friday	—	0.35	—
Press Tools	Wednesday	0.9	1.75	1.0
INTERIM DIVIDENDS				
Alida Holdings	Thursday	2.16667	4.33333	
Amec	Wednesday	4.0	7.0	
American Trust	Tuesday	1.15	1.95	
Arncliffe Holdings	Thursday	—	0.1	
Bedford, William	Tuesday	1.5	3.0	
Blue Circle Industries	Wednesday	6.0	15.0	
Braime, T. F. and J. H.	Thursday	1.5	2.0	
Britannia Arrow	Thursday	1.2	3.0	
British Petroleum	Thursday	12.0	22.0	
Cambridge Electronic Industries	Tuesday	2.2	5.25	
Dewhurst, I. J.	Tuesday	0.23333	0.68333	
Edinburgh Fund Managers	Tuesday	2.0	4.0	
Edinburgh Oil and Gas	Friday	—	—	—
Emess Lighting	Tuesday	2.2	3.3	
Ex-Lands	Tuesday	—	0.6	
Federated Housing	Friday	2.0	3.3	
Gaskell Broadloom	Tuesday	—	0.6	
Ladbroke Group	Thursday	5.0	6.25	
Lec Refrigeration	Thursday	4.0	8.5	
Marley	Tuesday	1.4	2.35	
Murray International Trust	Wednesday	1.5	—	
Pacific Assets Trust	Thursday	—	0.7	
Palme Group	Wednesday	0.75	1.25	
Parambe	Wednesday	0.45	0.8	
Pearl Assurance	Wednesday	15.25	28.75	
Pentland Industries	Thursday	0.17	0.58	
President Entertainments	Wednesday	—	—	
Refuge Group	Thursday	4.5	9.25	
Richards (Leicester)	Friday	1.0	2.0	
Slough Estates	Wednesday	2.2	3.3	
Taylor Woodrow	Tuesday	2.0	6.625	
Tenby Industries	Tuesday	—	—	
Weir Group	Wednesday	0.75	2.125	
Wingate Property Trust	Thursday	0.55	1.32	

*Dividends are shown net pence per share and are adjusted for any inter-

INTEREST RATES: WHAT YOU SHOULD GET FOR YOUR MONEY

	Quoted rate %	Compounded return for taxpayers at 29%	45%	60%	Frequency of payment	Tax (see notes)	Amount invested £	Withdrawals (days)
CLEARING BANK*								
Deposit account	4.30	4.39	3.40	2.47	monthly	1	—	0-7
High interest cheque	7.20	7.40	5.73	4.17	quarterly	1	2,500 minimum	0
Three-month term	6.38	6.53	5.06	3.68	quarterly	1	2,500-25,000	90
BUILDING SOCIETY†								
Ordinary share	5.25	5.32	4.12	3.00	half yearly	1	1-250,000	0
High interest access	7.00	7.00	5.42	3.94	yearly	1	500 minimum	0
High interest access	7.25	7.25	5.62	4.08	yearly	1	2,000 minimum	0
High interest access	7.50	7.50	5.81	4.23	yearly	1	5,000 minimum	0
High interest access	7.75	7.75	6.00	4.37	yearly	1	10,000 minimum	0
90-day	8.00	8.16	6.32	4.60	half yearly	1	500-24,999	90
90-day	8.25	8.42	6.52	4.74	half yearly	1	25,000 minimum	90
NATIONAL SAVINGS								
Investment account	10.75	7.63	5.91	4.30	yearly	2	5-100,000	30
Income bonds	11.25	8.41	6.52	4.74	monthly	2	2,000-100,000	90
31st issue‡	7.85	7.85	7.85	7.85	not applicable	3	25-5,000	8
Yearly plan	8.19	8.19	8.19	8.19	not applicable	3	20-200/month	14
General extension	8.01	8.01	8.01	8.01	yearly	3	—	8
MONEY MARKET ACCOUNTS								
Money Market Trust	7.19	7.32	5.67	4.12	half yearly	1	2,500 minimum	0
Schroder Wagg	6.73	6.94	5.38	3.91	monthly	1	2,500 minimum	0
Provincial Trust	7.66	7.93	6.14	4.47	monthly	1	1,000 minimum	0
BRITISH GOVERNMENT STOCKS§								
7.75pc Treasury 1985-88	9.16	6.89	5.64	4.46	half yearly	4	—	0
10pc Treasury 1990	9.32	6.47	4.89	3.41	half yearly	4	—	0
10.25pc Exchequer 1995	9.52	6.63	5.03	3.54	half yearly	4	—	0
3pc Treasury 1987	7.13	6.23	5.74	5.28	half yearly	4	—	0
3pc Treasury 1989	7.32	6.39	5.88	5.39	half yearly	4	—	0
Index-linked 1990¶	7.46	6.85	6.15	6.20	half yearly	2/4	—	0

* Lloyds Bank. † Halifax. ‡ Held for five years. § Source: Phillips and Drew. ¶ Assumes 4 per cent inflation rate. 1 Paid after deduction of composite rate tax, credited as net of basic rate tax. 2 Paid gross. 3 Tax free. 4 Dividends paid after deduction of basic rate tax.

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m's**	Bidder
Prices in pence unless otherwise indicated.					
AE	261§ §§	234	182	256.92	Turner & Newall
Barrie Invs & Fin	18½	17	16½	17.79	Bestwood
Bestobell	524	509	498	84.39	Meggitt Hldgs
Blacks Leisure	3.6*	4½	5	2.00	Sears
Brengreen	50½	48	41½	32.89	BET
Bruins (Mbrgh)¶	62*§	72	55	4.98	Carlco Eng
Clarke (Clmnt)¶	240*	240	240	19.20	Boots
Com Bk of Wales¶	70*	69	76	16.80	Bank of Scotland
Eleco	154§	146	140	25.72	Whitecroft
Gable House¶	214	207	203	16.56	Ladbroke
Gilbert House	15*§	15	13	4.32	Letts Green Est
Greenbank Group	62	49	49	15.62	Walker (C. & W.)
Hargreaves Grp	222§ §§	267	180	79.66	Coalite Grp
HAT Group	149	139	94	114.22	BET
Hill (Philip) Inv Tst	¶¶	320	323††	¶¶	BPCC
Ind Scot Energy¶	90*	90	85	20.50	Texas Gas Expln
Land Investors	76*	76	73	74.05	BCPH
Man Ship Canal¶	625*§	690	660	23.49	Highams
Mayhew Foods	131½	128	115††	17.86	Northern Foods
Midland Mrts Gp¶	180*	173	143	6.70	Oyston Est Agncy
Oldacre	183*	175	105	25.80	Unigate
Plan Invest Grp	124	118	105	2.73	Stakis
Prop Hldg & Inv	135§	134	145	106.52	Greycoat Group
PSM Intl	189§§	180	180	22.94	McKechnie Bros
Rotaflex	490*	482	483	54.19	GTE Corp
Ruddle (G.)¶	300*	280	187	14.19	Grand Metrop
Slaters Food	186	182	190	13.60	Freshbake Foods
Staffs Potteries¶	163	150	143	9.32	Coloroll
Spafax Television	156	150	133	5.93	Aspen Comms
Tern Group	41½	40	43	0.97	Corton Beach
Wingate Prop Inv	150*	450	130††	20.68	Chase Corp

* All cash offer. † Cash alternative. ‡ Partial bid. § For capital not already held. ¶ Unconditional. ** Based on 2.30 pm prices 22/8/86. †† At suspension. §§ Shares and cash. ¶¶ Related to NAV to be determined. ‖‖ Loan stock. ‡‡ Suspended. ‖ Swedish kronor. a Tender offer for 25.1 per cent of capital. b Uns. Loan Note offer.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Aerospace Eng	Apr	831	(714)	5.6	(3.8)	2.88	(2.4)
AGB Research	Apr	7,850	(9,200)	6.3	(11.4)	6.75	(6.5)
Dale Electric	Apr	960L	(544)	—	(—)	3.0	(4.5)
Davies, D. Y.	Apr	765	(315)	—	(—)	—	(—)
Electron House	May	681	(410)	9.1	(6.2)	3.4	(1.8)
Fobel Intl	Dec	4,000L	(4,500)L	—	(—)	—	(—)
Herrburger Brks	May	131	(65)	9.3	(4.7)	—	(—)
Jarvis, J.	Mar	55	(706)L	10.1	(—)	10.0	(17.5)
Kingsrange Prod	Apr	954	(412)	—	(—)	—	(—)
Peerless	Mar	1,710	(379)L	—	(—)	6.3	(6.3)
Sheafbank Prop	Mar	158	(25)	0.8	(1.1)	0.5	(—)
Smith, W. H. 'A'	May	49,200	(43,050)	17.2	(14.8)	6.0	(5.0)
Smith, W. H. 'B'	May	49,200	(43,050)	17.2	(14.8)	1.2	(1.0)
Trent Hldgs	Mar	135	(676)	6.7	(8.3)	1.15	(1.05)
United Pack	Apr	1,120	(1,290)	19.7	(13.3)	3.25	(2.7)
Vibroplant	Mar	3,290	(2,460)	34.9	(22.0)	10.5	(9.0)
Wassell, J. W.	Feb	50	(88)	2.5	(5.1)	1.0	(1.0)
Wholesale Fit	Apr	5,470	(4,900)	23.2	(20.0)	8.4	(6.7)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Albright & Wilson	June	24,100	(24,900)	—	(—)
Atlantic Comp	June	8,400	(7,000)	1.12	(0.56)
Blagden Ind	June	2,300	(2,760)	3.5	(3.5)
BPCC	June	27,550	(11,430)	6.0	(4.0)
Cattles	June	1,500	(1,110)	0.93	(0.73)
Garfunkels	June	1,530	(1,200)	0.22	(0.22)
Clarke, T.	June	350	(352)	0.71	(0.7)
Cons Tern	Mar	1,300L	(152)	—	(1.68)
Dewey Warren	June	269	(799)	—	(2.5)
EBC Group	June	352	(419)	2.22	(—)
Fife Indmar	June	149	(87)	0.75	(0.75)
Horizon Travel	May	5,440L	(10,700)	0.88	(0.88)
Inoco	June	112L	(—)	—	(—)
Jaguar	June	67,400	(63,000)	3.3	(3.0)
Johnson Gp Clean	June	4,010	(3,830)	5.0	(4.2)
Microvitec	June	673	(535)	0.5	(0.5)
Molynx	June	160	(98)	—	(—)
Mrs Fields	June	4,200	(—)	—	(—)
Nationwide Leis	Apr	309	(407)	—	(1.25)
Queens Moat	July	6,260	(4,050)	0.9	(0.77)
Rentokil	June	13,100	(12,040)	1.03	(0.89)
Robinson, T.	June	1,550	(136)	—	(—)
SAI	June	1,400L	(355)L	4.0	(6.5)
Stand Chart	June	131,000	(133,800)	12.5	(10.5)
Supra Group	May	662	(489)	1.0	(0.8)
Systems Des	June	3,330	(3,220)	0.2	(0.15)
Task Force	May	294	(150)	—	(—)
Telfos	June	881	(508)	1.45	(1.17)
Tricentrol	June	800L	(14,100)	—	(4.0)

(Figures in parentheses are for the corresponding period.)

* Dividends are shown net pence per share except where otherwise indicated. L Loss.

SCRIP ISSUES

Aerospace Eng.—One for five.

Queens Moat Houses—One for five.

• MARKETS •

Up from the trough

AUGUST is turning out to be a far better month on Wall Street than July when US share prices fell by some 7 per cent. By midweek the Dow Jones Industrial Average had recouped over 100 points of its July losses and by Thursday evening was fewer than 30 points away from its July 2 peak.

However, money managers are in a much more cautious mood that they were at the height of the summer. Shearson Lehman Brothers, for example, told its clients this week that the time had come to "strike a more defensive attitude" in the financial markets and, for the first time in two years, it is recommending a less than fully-invested position.

Instead of 70 per cent in stocks and 30 per cent in long bonds, it is advising its clients to slim down their portfolios to 60 per cent stocks, 20 per cent long bonds and 20 per cent cash. It is not expecting a big drop in the stock market but says the market has come a long way in the past couple of years. Yields are much lower and price/earnings multiples are much higher than they were; therefore, the potentials for sharp gain from this level are "more limited."

Shearson argues that the forces that drove the market higher are either mostly "in the market" or will, inevitably, change. A persistently slow economy, combined with incessant easing of monetary policy, will have a finishing point and, given present market expectations, the visibility of that final goal could come as a shock, says Shearson in its latest weekly newsletter.

"To be defensive is not to be bearish," is Shearson's motto and its caution is mirrored in the advice of several brokerage firms. Part of the reason for the caution is the uncertainty about what is happening to the US economy but, perhaps more importantly, Wall Street is also unsure how to respond to the political and financial news coming out of Washington.

Wall Street

Last weekend, Congressional negotiators agreed on the most comprehensive tax reform package since the First World War; and while it has been welcomed widely, Wall Street analysts are still mulling the implications for US industry which will have to pay an additional $120bn of taxes over the next five years if the package is enacted in its present form.

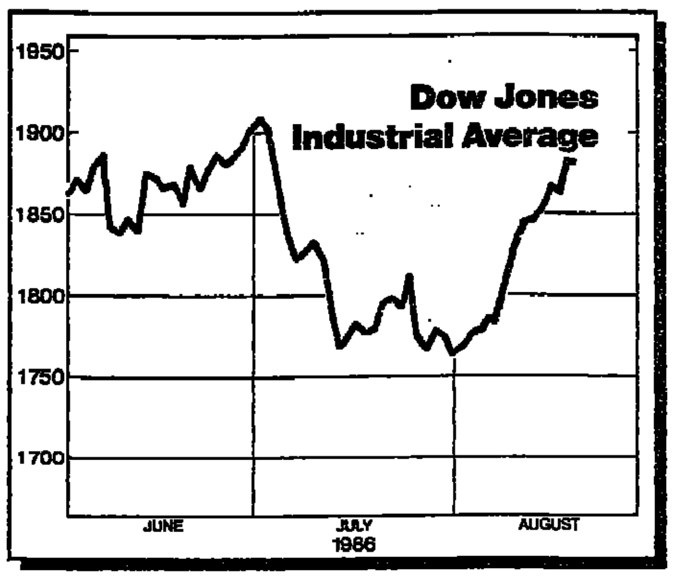
On the economic front, the big news of the week was the downwards revision in the latest US gross national product (GNP) figures which showed that the economy slowed almost to a standstill in the second quarter. The next day, the Federal Reserve demonstrated its concern by cutting its discount rate by half a point to 5½ per cent. This marks the fourth cut this year and takes the rate down to its lowest level since 1977.

The speed with which the Fed cut the discount rate, less than six weeks after the previous cut, caught the markets off guard. A further reduction had been expected, but analysts had thought that the US would wait longer and try to co-ordinate a reduction with similar moves by the Germans and Japanese.

The Fed's action, according to Kleinwort Benson's chief Federal Reserve-watcher, Sam Kahan, reflects its "aggressive policy-easing mode." The US central bank appears to be increasingly concerned about the weakness of the economy and is making money cheaper and more easily available than anticipated.

This is good news for the short end of the credit markets where rates have tumbled this week, sending the Fed funds rate below 6 per cent. But it is not having much impact at the longer end of the market, and analysts note that present long bond yields of around 7.2 per cent are the same as they were four months ago when the Fed cut the discount rate by half a point to 6.5 per cent.

Since then, however, the dollar has weakened noticeably from DM 2.20 and Y172, to DM 2.04 and Y153; and unless Germany and Japan cut their interest rates soon, many analysts see the dollar heading below the DM 2 and Y150 levels in the not-too-distant future. The US is in a corner. It is not able to change its fiscal stance because of its commitment to cutting its massive budget deficit, so lower interest rates is the only real policy option available.



Wall Street is still betting that the economy will start to grow by around 2½ to 3 per cent in the present half-year but talk of double-digit corporate profit growth for calendar 1986 has been dropped. Merrill Lynch, for example, is now talking of a 7 per cent rise in the combined 1986 earnings of the Standard and Poor's 500 Index, compared with 11 per cent three months ago.

Against this background, US share prices are likely to have difficulty moving ahead significantly from present levels. The strong performance of the Dow over the past few weeks has been helped by some strong performances by a handful of its major constituents.

IBM shares, which have been in the doghouse for many months, jumped by more than $6 this week to around $139 but they are still well below the $155½ level at the start of the year. Oil shares were also strong performers this week with Chevron ($43⅞), Exxon ($65⅞) and Mobil ($35¼) all hitting new peaks for the year. The strength of the oil sector continues to puzzle some analysts, given the uncertain outlook for world prices.

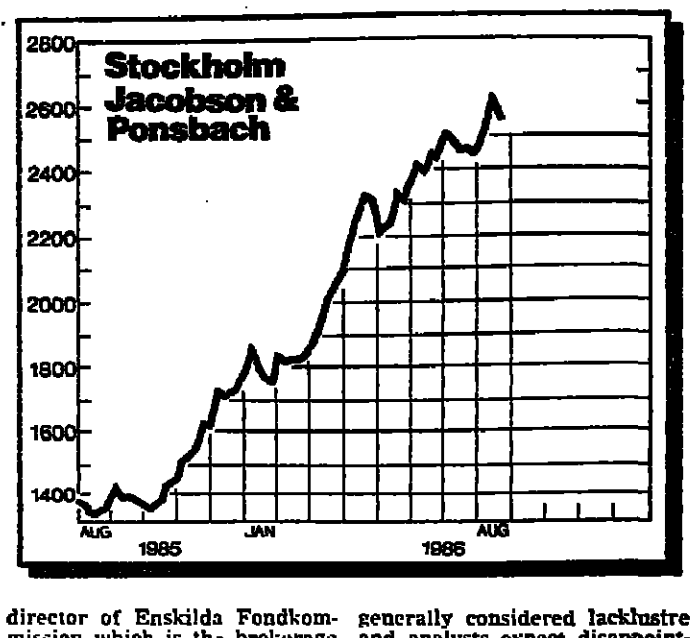
MONDAY	1869.52	+ 13.92
TUESDAY	1862.91	− 6.61
WEDNESDAY	1881.33	+ 18.42
THURSDAY	1881.19	− 0.04

William Hall

A rosy future beckons

THE Swedish bourse has soared in the past year, putting its Scandinavian neighbours to shame.

The Jacobson & Ponsbach (Japo) Index, which covers the 30 most important industrial companies, reached a record high of 2,620 on August 12 compared with 1,352 at the end of August 1985 and 1,835 six months ago at the end of February. More recently the index has moved around the 2,580 mark.



The more widely followed Affaers Vaerlden General Index reached a record high of 727.8 on August 14, up 50.2 per cent on the beginning of the year.

Turnover for the first six months surpassed expectations at SKr 82.5bn ($12bn) while the turnover for the whole of 1985 was SKr 83bn. All sectors have surged ahead and forestry has performed particularly well thanks to stronger demand for pulp and paper products.

Behind all this lies a rosier economic picture than a year ago, some good company results, and plenty of surplus cash.

"The domestic institutions are unusually cash-rich just now," says Leif Vindevaag, a director of Enskilda Fondkommission which is the brokerage arm of S-E Banken.

With little prospect of any new issues to mop up the money in the immediate future, brokers think the index is unlikely to come down for the time being.

The pension funds, insurance funds and special savings schemes have switched their attention to the stock market now that interest rates have fallen and the bond market is not as attractive as last year.

Interest rates on six-month Treasury discount notes stood at just under 15 per cent in July 1985. The rate now is 9.5 per cent; and while the institutions entertain the perennial belief that rates could come down further this autumn, the Riksbank (central bank) says it is satisfied with things the way they are.

Meanwhile, Sweden's trade surplus continues to grow steadily, inflation has come down (the Government forecasts a rate of 2.5 per cent by the end of the year, but the banks are sticking to a figure of 3.0-3.1), and Svenska Handelsbanken expects growth in GDP to reach 2.5 per cent compared with 2.3 per cent for 1985.

Earlier this year, the government reached a two-year wage agreement with the private sector, although if inflation tops 3.2 per cent, the unions can demand fresh negotiations.

Now, it is the turn of the public sector. Talks are under way but the feeling is that these could take longer to settle. The prospect of negotiations dragging on through the autumn could temporarily curb the index, warns Brian Knox, Kleinwort Grieveson's Scandinavian specialist.

Company results have generally been good until now—up 5-10 per cent on last year—if not particularly stunning. However, half-year results for ASEA, Sandvik, and SKF were generally considered lacklustre and analysts expect disappointing results from those companies that depend on the major European markets for their exports.

Leif Vindevaag says he is not expecting good corporate results in the next few weeks and blames Sweden for having the wrong export mix—too many companies tilted towards industrial products and investment goods, and not enough in consumption-related exports, with the exception of Electrolux and its household goods.

The falling dollar meant that companies with big US sales, such as Volvo and Pharmacia, had to do their best to hedge on currency. Companies such as Gambro with important dollar-based competitors are more likely to be affected by the lower dollar.

Stockholm

The announcement earlier this year that turnover tax would double, from 1 to 2 per cent, caused widespread consternation but the market seemed hardly to notice when the increase came into force on July 1. Admittedly, July is a low-volume month, anyway—the Swedes are out making the most of the long hours of sunshine and dangling their rods at radioactive fish.

Vindevaag harks back to the beginning of 1984 when a new sales tax was introduced—the market rose for six weeks, then dropped for the next six quarters. In his opinion, it is too early to tell what effect the increased turnover tax will have.

However, it is likely to encourage foreign investors to buy their Swedish shares on the New York and London exchanges where costs are lower.

Sara Webb

De Beers lacks that old sparkle

I DON'T know who first observed that it is often better to travel than to arrive, but—thinking of some possible destinations—the sentiment has a lot to be said for it. In share markets, for instance, anticipations of good company results more often than not lead to a fall in the share price when they appear.

This is usually a case of profit-taking after the event and there are some investors who will sell immediately before results are due and then get back in again afterwards at a lower price—although you have to be pretty nimble to do this. Still, selling just before the event does insure you against the results not living up to expectations.

The earnings reported for the first half of this year by De Beers this week came into the market disappointment category. The shares of the big South African diamond group were 390p at the beginning of this month, and just before the results were announced on Tuesday they were 453p. After the news, they dropped to 410p.

The results were not bad. Income from the diamond side was up 41 per cent on a year ago at R447m (£115m); other investment income rose to R161m from R127m; sizeable loan repayments were made; interest payments fell; and net attributable profits were 20 per cent up at R425m, or 118 cents per share, against R353m. The interim dividend was raised by 5 cents to 20 cents, as expected.

This cut little ice with the share market which had been expecting a bigger increase in diamond income, bearing in mind that world diamond sales in the period had risen 62 per cent in terms of South African rands. Well, De Beers says the diamond market is still doing nicely and so, with a full six months' benefit of the 7½ per cent diamond price increase that took effect in May, earnings should be better in the second half.

This week, we have also had results for the full year to June 30 from South Africa's **Impala Platinum Holdings.** Unlike those of the rival **Rustenburg Platinum Holdings,** these were not expected to be very good. Impala had already warned that its labour strike at the beginning of this year would mean a loss of some R45m in earnings.

Mining

Even so, net profits have risen 33.4 per cent to R192.7m—helped by a lower tax bill—and the dividend total has been held at 135 cents. Things are looking up now, of course, but Impala will not enjoy the full benefit of the present boom in platinum prices because it sells forward a substantial part of its output under long-term contracts.

Incidentally, research carried out by South Africa's Geological Survey has indicated that reserves of platinum on the famous Bushveld Igneous Complex in the Transvaal, where Impala and Rustenburg operate, are much bigger than was previously known.

However, the news is largely of academic interest because the previously known reserves are sufficient to keep the mines going for more than 200 years. So there is no question of new mines popping up all over the complex.

Far more electrifying would have been news of a similar discovery in, say, Australia. That would have triggered off a mine prospecting rush to put into the share the rip-roaring times of the old Poseidon nickel boom in Western Australia.

Meanwhile, the Australian mining market has other things on its mind, notably the possibility of the gold mines there losing their tax-free status — a prospect that sends share prices weak at the knees. No mention of it came with this week's budget Down Under because the Gutman Commission is due to report on the matter at the end of this month.

In this case, it could be a matter of better to arrive than to travel, because if a tax is to be imposed this will at least remove the uncertainty that has dogged the share market for so long. Experience shows that once anticipated adverse news is out of the way, share markets soon assess the situation and get back to normal.

Gold tax bogeymen have not stopped Australian investors clamouring for the offer there of shares at A$1 (equal to about 40p) in **Placer Pacific,** a quality gold investment which holds 70 per cent of the Kidston mine in Queensland — Australia's biggest gold producer—plus other gold interests in Australia and Papua New Guinea that were owned by the Canadian parent, **Placer Development;** the latter still holds 78.6 per cent of Placer Pacific.

Shares of Placer Pacific doubled in price during first dealings this week, reaching 102p in London at one time. They are a good non-South African gold investment, but potential UK investors might do as well to let the market cool a little before moving in.

● Australia's up-and-coming **Pancontinental Mining** has fulfilled my expectations by lifting earnings for the year to June 30 to A$24.5m from the initial profit of A$5.49m in the previous year. A further rise can be expected in 1986-87 thanks to higher gold production and a full 12 months' benefit of the increased stake in Queensland coal operations. There should also be an increase in the modest first dividend of 2.5 cents now declared.

Kenneth Marston

Yorkshire presents itself

YORKSHIRE Television will be the third independent television company to come to the stock market in as many months when it publishes its prospectus on Tuesday.

It has two hard acts to follow. Thames Television's offer in June was subscribed 27 times and its shares, at 237p, are at a 25 per cent premium to the 190p offer price in spite of the downturn in the stock market since then. TV-am's offer in July was subscribed 11 times and its shares have done almost as well: at 157p, they are at a 21 per cent to the offer price of 130p.

The question now is whether Yorkshire Television will make it a hat-trick.

Like its two predecessors, Yorkshire starts with the advantage that its offer will appeal to small investors. It has been using its own air time to sell itself to viewers; there has been an extensive Press campaign; and, in an unusual move, banks *and brokers are being offered* special commissions on applications they present from investors living in the Yorkshire region.

However, there are important differences between Yorkshire, Thames and TV-am. For example, TV-am, the breakfast station, is in a class of its own; it has a different viewer profile from all the others, it is ITV's only national broadcaster, and it does not make programmes (other than studio broadcasts).

The 15 area contractors all make local programmes, but the top five — the majors — are also under an obligation to make programmes for the whole network. Between them, they supply about half the 100 hours a week of ITV viewing time, each according to its slice of the national advertising cake. The programmes are pooled among the majors and *supplied to the other area contractors* for an annual fee.

Yorkshire, like Thames, is among the five majors, and it has built up a good reputation as a programme-maker. The Independent Broadcasting Authority, in its latest annual report, singles out for praise Yorkshire's contributions in current affairs *(First Tuesday)*, documentaries *(From the Cradle to the Grave)*, drama *(Harry's Game, The Beiderbecke Affair)* and in light *entertainment, children's and* schools programmes.

In terms of size, however, Thames is the biggest of the five and Yorkshire is the smallest. This means that Yorkshire bears a particularly heavy burden because of the high operational costs it incurs in maintaining the *facilities* it needs to fulfil its obligations to the network.

The company is, therefore, highly sensitive to fluctuations in its turnover. In practice, this means advertising revenue, for *in spite of the contribution* from programme sales, some 90 per cent of Yorkshire's turnover comes from selling air time.

Where advertising is concerned, Yorkshire is blessed by representing a heavily-populated *area in which ITV* commands high ratings. However, the blessing is a decidedly mixed one, for the obvious consequence is that advertisers need to buy fewer spots to reach their required target audience, and the lower competition for air time tends to feed through into lower prices.

In January last year Yorkshire's sales team, frustrated by the gap that had emerged between the prices they were able to command and the national average, embarked on a campaign to lift their rates.

Unfortunately, this campaign not only met with understandable resistance from advertisers but also coincided with a well-documented hiccup in the growth of national television advertising.

In the year to September 1985, Yorkshire's advertising revenues for the year stayed flat against a rising cost base, with the result that pre-tax profits slumped from £5.4m to £3.6m—a graphic example, if one was needed, of the dangers *inherent in its* high operational gearing.

That said, Yorkshire has persisted with its sales campaign and has succeeded in narrowing the gap between its own prices and the national average from around 25 per cent to about 12.5 per cent. *Yorkshire has* also managed to reverse the downturn in its share of the national advertising cake from 8.9 per cent in the first half of last year to 9.1 per cent in the first half of this year—no mean achievement at a time when *advertising generally has been* drifting towards the more prosperous south.

Equally important is the fact that national television advertising has tended to grow at a significantly faster rate than inflation over the past few years, and in spite of last year's hiccup most analysts believe the trend is set to continue in the medium term.

Television companies are regarded as higher-risk investments, not just because of their vulnerability to shifts in advertising revenues but because they operate under franchises from the IBA that might not necessarily be renewed. By way of compensation, their shares tend to trade at lower than usual prices in relation to earnings, and offer higher than average yields.

Yorkshire will always be susceptible to revenue fluctuations but present indications—and the profits forecast of £8.25m for the present year—*suggest* that income is on a healthy upward trend. The company also seems to be enjoying the favour of the IBA, and on present form it would be surprising if its franchise were not to be renewed at the end of the decade. Yet, from the accompanying table it can be seen that, at 125p, its shares are being offered at a lower price/earnings multiple and a higher yield than any of the other majors.

Investment in television companies does carry its hazards, but Yorkshire is among the higher-quality companies in the sector and its offer for sale has plainly been pitched at a level calculated to take the shares to a comfortable premium. Barring catastrophes over the Bank Holiday weekend, the response to the offer seems destined to be strong.

Richard Tomkins

YORKSHIRE TELEVISION

THE ITV MAJORS

Company	Year end	Turnover (£m)	Pre-tax profit (£m)	Prospective p/e ratio†	Yield (%)†
Thames	March 1986	190.9	14.6	10.9	5.6
Granada*	Sept 1985	176.4	11.4	n/a	n/a
Central Ind.	Dec 1985	165.0	11.9	9.6	6.3
London Weekend	July 1985	159.5	8.3	9.0	6.1
Yorkshire	Sept 1985	92.8	3.6	8.4	7.0

* Granada Television is part of Granada Group. The figure in column four is its trading profit.

† Based on forecasts from James Capel at prices on August 21.

Club sandwich

CHARGE CARD companies are notorious for trying to sell all manner of things to luckless subscribers. Every invoice is accompanied by a batch of special offers covering a wide area from hotels and restaurants to luxury travel and wine. The normal healthy reaction to these sales offers is to consign them to the waste paper bin unless there is something that catches your eye.

However, there is a more insidious way of selling: that is adding the cost of a product to your bill and forcing you to deduct it if you are not interested. That is the tactic being used by Diners Club to promote its Signature magazine produced in-house, the main function of which has been to publicise the services offered *by the company interspersed* with some articles of more general interest.

As the holder of a Diners Club card, I was infuriated when £12 was added to my account as an "optional extra" to pay for Signature, which I *had previously received free of* charge and promptly thrown away.

Before I started writing about personal finance, it is more than likely I would not have noticed the addition despite a special note on the bill that the £12 was an optional extra. Most people have neither the time nor patience to go through individual items, especially small sums, and tend just to look at the total payable.

However, recently I caught out my bank (Lloyds) adding a spurious item to my account, which it subsequently re-credited without even a formal apology. So now I make a practice of checking bills from all financial institutions—it is surprising what you find out, including some quite unjustified extra "charges" (£3, for example, for cancelling a cheque).

My reaction to the unwelcome Diners Card addition was to deduct the £12 and, in an accompanying note, threaten to cancel my card unless this form of inertia selling, which in my view amounts to sharp practice, was stopped immediately.

Back came the computer's reply in the form of another account. I was credited £12 with the terse note "Optional Signature fee — deducted by you." But the next item charged was . . . an optional subscription fee of £12 for Signature magazine, once again, added to my account.

A note at the bottom of the account *said* the balance of the account included a "final opportunity" to subscribe to Signature and retain bonus dividends.

I have never understood the "dividends" system operated by Diners Club, since I haven't bothered to read the explanatory literature. But there is a strong implication in the note that if I do not take Signature I will lose privileges I have earned.

There is a simple way out of being pressured into buying a *magazine* I do not want — that is, to cancel my subscription. Fortunately, that (also deducted without prior notification) is due for renewal next month, so I will not lose much by cancelling it.

The worry is whether the computer will obey my instructions or if I be put on some unknown "black list" as having defaulted on paying for something I did not want.

Diners Club says Signature is no longer a publicity vehicle for the company, although owned by the group, it has been relaunched with an independent editorial policy and is expected to be profitble in its own right.

I have no doubt it will be profitable, bearing in mind that Diners Club is using its card membership list for free marketing and as an inducement to sell advertising in the magazine. But that is another story.

John Edwards

IN THE NEWS

FURTHER evidence of the increasing popularity of unit-linked mortgage plans to repay mortgages comes with the launch of such a plan by Black Horse Life, the wholly-*owned life assurance* subsidiary of Lloyds Bank.

One of the advantages of a unit-linked plan is that if the investment performance proves better than the minimum level provided for in *the policy—7.5 per cent a year* in this case—then there is the advantage, over a with-profits endowment policy, of being able to pay off the mortgage early, with a consequent saving in mortgage interest.

This may not be a tax efficient option for everyone, however, so there is an option to link the plan to the cash fund, to protect its value until maturity.

If the performance falls short of the projected minimum levels *the policyholder* will be advised by the company either to increase the premiums or extend the term of the policy. Provided this advice is taken repayment of the mortgage will be guaranteed.

A further advantage over with-profits policies is that a unit-linked policy can be surrendered after 10 years without penalty.

The Black Horse Life plan is available either as a low-cost, level premium policy, or as a low-start policy where the premiums will increase by 20 per cent for each of the first five years and remain level thereafter. The plan is available on single or joint lives but, unlike Schroder Life's *new* Homebuyer Plan launched last month, the premiums are different for men and women as well as for smokers and non-smokers.

On moving house, up to double the original sum assured may be taken as additional cover, without any further medical evidence, up to a maximum of £50,000. Schroder Life's plan sets a ceiling of £30,000.

●

CRUSADER INSURANCE is offering a 10-year inflation-linked assurance plan aimed at the younger person with extensive financial commitments, claiming to provide a high guaranteed death benefit at minimum cost.

LifeCare benefits and premiums are automatically increased in line with inflation up to a maximum of 10 per cent a year. Policyholders can renew the plan every 10 years up to the age of 55 *without further medical evidence*, and there is an option to convert the plan either to a savings or a whole of life protection contract.

Substantial discounts are available to non-smokers, and a special reduction in premiums if *the plan is taken* out simultaneosuly with PayCare, Crusader's permanent health insurance plan.

Security risks

YOU CAN take two views on the events that led to the McDonald Wheeler Investment Centre in Canterbury going into receivership earlier this month.

Either you can congratulate the Financial Intermediaries, Managers and Brokers Regulatory Association (FIMBRA) on a smart bit of detective work with its random check revealing that the company had some as yet unspecified problems. Or *you might worry about what* would have happened if a random check hadn't been made, and why investors had to rely on a fluke to discover their money was at risk.

Protection for the investor in these circumstances relies *primarily on the Prevention of* Fraud (Investments) Act 1958, which says that anyone dealing in securities has to be authorised in one way or another. Either they have to be a licensed dealer in securities, authorised directly by the *Department of Trade and Industry*, or they have to be members of a recognised exchange (like the Stock Exchange) or association, like FIBMRA. There are exemptions for banks and insurance companies, and there are all kinds of loopholes; many insurance consultants, for example, do not have to be authorised.

When dealing with an investment adviser you should check whether the company is either licensed to deal securities or a member of FIMBRA (NASDIM). FIMBRA is an amalgam of NASDIM (National Association of Security Dealers and Investment Managers) and LUTIRO (Life and Unit Trust Intermediaries Regulatory Organisation). The change of name came into effect only on July 9, so most member companies still describe themselves as being members of NASDIM rather than FIMBRA.

John Grant, chief executive of FIMBRA, admits there are a lot of grey areas, which he hopes will be cleared up when the Financial Services Bill finally completes its passage through Parliament and becomes law—some time early next year if the Bill receives Royal Assent by the end of October.

In the meantime, FIMBRA has fairly limited powers. Companies applying for membership have to fill in a comprehensive questionnaire giving a business profile, references and audited accounts or a statement of capitalisation and, if it is a new company, a business plan. It has to have liquid or near liquid resources of a certain amount, depending of the size and type of business. In fact the figure is geared to expenditure as the fairest way of judging the size of a company.

Members also have to take out a professional indemnity insurance policy to cover a minimum *of £250,000 or three times the* company's fees and commission income. Mr Grant points out that this particular area of inssurance cover has been difficult lately with premiums often being set at very high levels.

Individuals dealing on behalf of the company have to be authorised, too, and provide full details of their background, as well as three references from other people in the industry. But FIMBRA does not have the time or money to check the inform ation in detail, although it does take up the references.

John Grant . . . "grey areas"

The company has to renew its membership annually and to do so its auditor must provide a certificate with evidence that the client account is being operated properly; liquid resources are being maintained at the right level; and the professional indemnity insurance policy has ben kept up. The auditor must make two random checks each year, *although one of the checks* can be made in conjunction with the annual audit.

FIMBRA itself makes random checks, too. In theory these are carried out each year on 20 per cent of the member-companies., but they are often in response to complaints or reports of something amiss.

This is where FIMBRA has the advantage over the Department of Trade, which can only normally look at licences when they come up for renewal or when complaints are made.

However if problems are unearthed FIMBRA is not in a strong position. It cannot freeze accounts. It has no compensation fund for investors losing money, although the professional indemnity insurance *policy should provide some protection.* In the case of McDonald Wheeler FIMBRA was unhappy after making a random check and agreed with the company to bring in a designated auditor to report further and stop trading voluntarily. It became even more unhappy when the results of the detailed checks became known and asked the Department of Trade, which has considerable powers, to step in. The result was the appointment of an official receiver and the commissioning of a firm of accountants, Grant Thornton, to try to match investments made with existing assets held by the company.

According to an ex-employee the main problems centre around the in-house funds, run by the company, with some £12m involved. There were some 800 investors in the funds, and another 300 who used the company as brokers to buy unit trusts, life insurance policies, etc.

Protection for investors is expected to be considerably improved once the Financial Services Bill becomes law, and the self-regulatory organisations (like FIBRA) have to meet criteria laid down by the Securities and Investment Board. In the meantime Mr Grant warns investors not to be *"totally stupid."* He says you must never write a cheque to an individual. It should either be made out to the broker's client account or direct to the company whose product you are investing in.

When you are dealing with a broker *it* is advisable to check whether they are members of a recognised association or authorised by the Department of Industry. If they aren't, they could be committing a criminal offence.

J. E.

Index linking palls

JULY'S fall in the inflation rate to an annual 2·4 per cent was the seventh successive monthly drop and serves to emphasise *the diminishing appeal of index-*linked investments.

These were first introduced by the government to provide investors with inflation-proof returns at a time of galloping inflation which, at one stage in the mid-1970s, was running at 25 per cent. Index-linked National Savings certificates were launched in 1975 and index-linked gilts six years later. But, in practice, index-linked gilts have underperformed almost all other types of investments.

Similarly, after allowing for inflation the real annual yield of 3.00 per cent from index-linked National Savings certificates bought five years ago compares unfavourably with the annual average total real return of 16.7 per cent on equities, and the average annual real yield of 9 per cent or conventional gilts over the same period even allowing for the fact that both equities and gilts are taxable.

As we advised last month, holders of earlier National Savings index-linked issues would be wise to sell, having received their annual supplement of 3 per cent paid on August 1 and any five or 10-year anniversary bonuses for which they may be eligible. The fact that the July index was lower than the previous month's is a further reason for cashing-in now, as the September repayment values will be based on the July RPI index of 384.7 while the value of certificates cashed-in this month will be based on the higher June index of 385.8.

The index-linked income bonds launched by National Savings last November are an even worse buy. Index-linked certificates (or "granny bonds") do at least provide capital protection because their repayment values are linked to the inflation rate and include an interest element. But the capital value of index-linked income bonds remains the same.

In the first year this will be 8 per cent gross which, given that it is paid monthly, amounts to a CAR of 8.30 per cent. At the end of each year this income is increased by the rise in the RPI and the inflation-proofing of the income is guaranteed for 10 years. But there is no appreciation in the capital, which is repaid at par.

Thus, investors would get a better return from National Savings' ordinary income bonds which also pay income monthly. Here again, the capital value is not protected but the present return is 11.25 per cent gross. This income is not, of course, inflation-protected but anyone opting for the more predictable income of the index-linked bonds would be foregoing a sizeable premium.

Index-linked gilts are more difficult to evaluate because, as tradeable securities, their value is influenced by market sentiment/conditions. Both the interest, which is fixed at the onset and paid half-yearly, and the capital are index-linked. For example, if you held index-linked Treasury 2 per cent 1988, you would receive interest of 2 per cent a year on the nominal value of the stock, plus the relevant rise in the RPI between the date when the stock was issued and that on which interest is paid—though this is complicated by the fact that the RPIs used are those of eight months, previously.

Similarly, if you hold the index-linked gilts to their redemption date, you will receive their nominal value plus the difference between the RPI eight months before their issu date and the RPI at eight months before the redemption date.

Thus, if you hold the gilts to their redemption date you get the full value of index-linking. However, since they are tradeable securities you might choose to sell them earlier. Whether you profit or lose by doing so is unpredictable. It will depend on whether there is a high demand for your stock at the time

Stockbrokers are divided on the appeal of index-linked gilts at present. Some are tending to steer their professional clients away but many still see them as *an increasingly useful hedge* against a possible surge in inflation or political upheaval for professional investors.

However, though index-linked investment vehicles have lost much of their former appeal, both the "granny bonds" and index-linked gilts still represent excellent value for the higher-rate taxpayer since they provide an inflation-proofed capital gain which is tax-free. For them index-linked gilts are unquestionably, a much better deal than conventional tow coupon gilts.

Margaret Hughes

BES open-ender

AFTER WATCHING a succession of Business Expansion Scheme funds open and close, comfortably subscribed, in recent months, Johnson Fry, specialists in this area, has introduced its 1986-87 BES fund.

The Second Johnson Fry Business Expansion Scheme is open ended and aims to raise capital for investment in companies whose financial needs *are too small for it to be cost-*effective to raise capital through an independent BES issue.

"Just because a company needs to raise less than £1m does not mean that it is not an interesting business proposition," says Charles Fry, chairman of Johnson Fry. "We receive lots of investment proposals from companies throughout the year and by starting to raise capital now, we will be able to take advantage of them as soon as they arise."

The first Johnson Fry fund was introduced last November. By the end of the 1985-86 taxation year it had raised just under £1m and an additional £735,915 afterwards.

The initial sum was invested in eight companies, including a restaurant in Dolphin Square, London; a domestic lighting manufacturer; a chain of pubs; and a company operating stamp vending machines. The money raised after the end of the taxation year was invested in individual BES issues sponsored by Johnson Fry.

"Towards the end of each taxation year there is a great rush of people running round like crazy and desperately trying to find somewhere to invest their money," say Fry. "So many of the really good investments emerge earlier in the year, so this year we would like to encourage people to invest as early as possible."

Investors will be able to choose whether to leave their capital to be invested at Johnson Fry's discretion or to stipulate a fixed number of companies, or type of companies, for investment.

"This was the most sensible way we could think of to enable investors to receive the benefits of the flexibility of individual issue investment and the security of funds," said Fry.

Johnson Fry will pay interest on capital invested in the fund until it is invested in individual companies. Each prospective investment will be scrutinised by an investment committee. Johnson Fry will receive a fee of 4 per cent of the capital invested from each fund company, while members of the management committee will have options on a small fixed proportion of the shares subscribed for by the fund.

Although funds emerged as *one of the most popular forms* of BES investment in the scheme's early days, investors have turned their attention to direct issues in recent years, while some of the major fund sponsors — including the merchant bank, County, and venture capital concern, Electra — have withdrawn from funds.

Alice Rawsthorn

Get 'em young

THE BATTLE for students' accounts is hotting up again as Barclays launches a £500,000 advertising campaign aimed at retrieving its lost share of the market. In the past two years Barclays has seen its share of the market drop from 27 per cent to 17 per cent which on its own admission mainly reflects the success of the anti-apartheid campaigners and the National Union of Students.

Though the maxim "catch 'em young and they'll stay for life" may no longer hold as true as in the past, Barclays is as aware of the importance of grabbing the "fresher" market as any of the other clearing banks. National Westminster leads the field with 38 per cent of the market, largely because of its extensive network of 300 on-campus branches.

This year for the first time Barclays is offering students cash incentives, albeit more of a loyalty bonus than an initial inducement. The student has to wait until the end of the first term when £7 will be credited to his or her account — rather less than their competitors. Other main clearers pay their "bribes" straightaway.

Lloyds and National Westminster credit £10 to the student's account when it is opened — up from £8 last year — while the Midland offers a choice of a £6 credit (up from £5 last year) or an alarm clock which they reckon is worth £8.

The Co-operative Bank gives students — and other school leavers — a voucher worth £10 which can be spent either at Co-op stores or on holiday bookings at Co-op Travelcare outlets or on a CIS insurance policy.

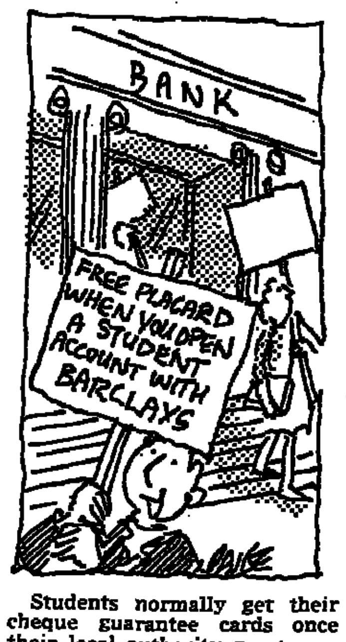
The TSB offers a series of 34 discount vouchers rather than a direct cash credit, while Girobank gives a £5 record or cassette voucher.

Most banks offer additional inducements to students as fairly standard. They include overdrafts at concessionary rates of 1 per cent over base or 2 per cent in the case of the TSB. This overdraft is usually limited to £200, though in the case of Midland the ceiling is by negotiation. Students also enjoy free banking even when they're overdrawn.

Barclays, Midland, NatWest and TSB offer graduation loans for those with firm job offers to tide students over between the end of their studies and their first pay cheque at concessionary rates — 1 per cent above base rate in the case of Barclays and Midland, 3 per cent above with NatWest, and 2 per cent below the normal personal loan rate in the case of the TSB. Barclays impose a ceiling of £2,000 and a maximum repayment period of 24 months, with an initial three months repayment holiday period.

Lloyds and NatWest offer parents of students who bank with them special higher education loans which enable them to borrow at concessionary rates of interest. The Lloyds scheme allows parents to borrow up to £2,000 for each year of study up to a maximum of £6,000. The loan has repayment or endowment options over a maximum of 10 years. Where parents opt for a repayment loan there is a capital repayment holiday of five years.

Barclays and the TSB also offer low premium insurance packages designed specifically for students. Midland operates a bus travel scheme with National Express which offers discounts of up to one third on fares. Midland student account holders also get half-price Eurocheque cards and don't have to pay commission for travellers cheques nor on buying or selling foreign currency.



Students normally get their cheque guarantee cards once their local authority grants are safely paid into their new bank accounts. When a current account has been opened students usually get a cash dispenser card which allows them to draw up to £100 a week. Lloyds, Barclays and TSB also offer students credit cards, but with a relatively low credit limit — £100 in the case of Barclays Visa card and TSB's Trustcard and £200 in the case of Lloyds' Access card.

Those who bank at the Co-op can apply for one of their newly launched combined store option and Visa cards with a maximum limit of £250, which will also give them access to special offers at Co-op stores.

The Co-op offers this combined card in lieu of an overdraft because it argues that this induces greater discipline. However, unless students pay off their outstanding balances in their card accounts each month the cost of this credit will be much higher than that charged on the concessionary rate overdrafts offered to students by the other banks.

Margaret Hughes

Timesharing has a dubious reputation but new steps could bring more acceptance

Multi-flat swap shop

ONE REASON why timesharing has a bad reputation is that it has been marketed solely as an investment. But now that efforts are being directed towards promoting its holiday advantages timeshare could become a much more acceptable feature of the UK holiday market. That's the view of Colin Collins, marketing director of RCI Europe, Britain's largest timeshare exchange company.

These are the two basic aspects of timesharing. Buying a timeshare in holiday accommodation and then later selling it can be regarded simply as an investment. But it is also a means of securing a self-catering holiday in a resort of your choice. To date marketing has concentrated on investment features with holiday aspects thrown in as a fringe benefit. But the development of an exchange system has placed much more attention on the holiday aspect.

Instead of being tied to a holiday in one location at a particular time the exchange system can be used to swap one timeshare with another at a different place and at a different time. Indeed, according to Mr Collins, it is now quite commonplace for people to buy a timeshare without any intention of ever using it. For instance, the majority of timeshare apartments in Central London are owned by people living in London or within 30 miles. Capitalising on the demand for such holiday apartments, they have bought them purely for exchange rather than for their own use.

Purchasers who have discovered the advantages of the timeshare exchange system are not just confining themselves to holding one timeshare. They are investing in two or three apartments and this gives them tremendous flexibility when planning holidays. Through the exchange system their timeshare purchases give them access to what is becoming a big network of resorts available throughout the year.

According to Mr Collins, his company last year implemented 186,000 exchanges. This year he expects the number to be well in excess of 200,000. Using the computerised technology of its US parent, RCI Europe operates a central agency to effect exchanges on an international basis. It will arrange UK holidays for US and other overseas visitors as well as overseas holidays for UK residents. Before bringing them into its scheme RCI Europe checks out timeshare resorts in detail including the legal and financial aspects, though it does not get involved in the initial development.

The operation of an exchange scheme assumes that a potential holidaymaker has a timeshare apartment to offer in exchange. Yet the cost of a timeshare can vary between around £1,000 for a week rising to £6,000 or more for a prime tourist attraction. As the exchange scheme operates on a one-for-one basis that can present problems.

The general advice on buying into timeshare, as with any other property deal, is that you should view the site, use a known name and check the legal details. A recent article in these pages described the problems and the steps being taken to protect the investor.

Though marketing emphasis is now being placed on the holiday aspects of time sharing, potential purchasers should not ignore the investment potential for, provided the value of the timeshare property at least keeps pace with inflation, it can prove a satisfactory investment.

Eric Short

Sir Gordon Borrie

Controls don't go far enough

THE Timeshare Developers Group, representing the major UK timeshare companies, announced this week an agreed set of standards and practices, which it hopes will allay growing public concern about the behaviour of some aggressive companies selling timeshares.

Unfortunately, the common standards laid down are somewhat wishy-washy and provide little or no extra protection for the unwary investor because they are not enforceable and do not apply to non-members of the group.

The standards quoted are:

- Reasonable and fair marketing and sales techniques;
- Salespeople trained to be professional and courteous;
- Employees clearly identified as timeshare sales personnel;
- Promotional premiums are genuine;
- Each purchase contract has a cancellation period of a minimum of five working days;
- Documentation is full, clear and legally verifiable, with no small print.

Frank Chapman of Barratts, one of the founders of timeshares in the UK claims that *members of the group would* never attempt to sell a timeshare holiday which customers did not want.

But, the six members of the group—Barratt, European Ferries, Kenning Atlantic, Langdale, McInerney Properties and Wimpey—represent only 35 per cent of the British holiday timeshare market and all admit they have no power to enforce the common standards quoted.

The two biggest international timeshare exchange agencies, Interval International and Resort Condominiums International (RCI) are also members of the group, which aims to distance itself from what it describes as the less reputable end of the market. However, the urge to sell dies hard.

The group's statement refers to the 25,000 happy, satisfied families using "this successful and growing holiday concept" which, it claims, allows "you to fulfil the dream of owning a beautiful home at a fraction of the normal cost; and the promise of inflation proof trouble-free holidays for a lifetime."

More practical advice came from Sir Gordon Borrie, Director-General of the Office of Fair Trading, who noted that the structure of the industry made it difficult to take action under the Fair Trading Act of 1973.

He advised potential investors to:

- Sign nothing at a first meeting with a timeshare salesman.
- Pay nothing—not even a small deposit—at the first meeting.
- Ignore all pressure to sign an agreement at once to obtain an alleged big discount.
- Ignore gifts and prizes offered for signing immediately.
- Demand full details in writing of what is being offered.
- Take time to consider whether timesharing is suitable and whether hidden costs, such as air fares and maintenance can be paid for.

John Edwards

The Investment Trust Table

The figures in the columns below are based on information supplied by the companies named, which are members of The Association of Investment Trust Companies. The figures are unaudited.

Columns (1)–(6): as at close of business on Monday 18th August 1986. Columns (7)–(11): as at 31st July 1986.

Total Net Assets (1) £million	INVESTMENT POLICY Trust (2)	Management (3)	Share Price (4) pence	Yield (5) %	Net Asset Value (6) pence	Geographical Spread: UK (7) %	Nth. Amer. (8) %	Japan (9) %	Other (10) %	Gearing Factor (11) base=100	Total Return on N.A.V. over 5 years to 31.7.86 (12) base=100
	CAPITAL & INCOME GROWTH										
545	Alliance Trust	Independently managed	773	4.1	1073	35	50	10	5	93	288
137	Bankers	Touche, Remnant	118	3.3	159	39	32	15	14	106	321
388	British Investment	Independently managed	425	5.1	613	49	26	24	1	90	259
96	Brunner	Kleinwort Benson	92	3.5	134	49	35	3	13	103	255
615	Edinburgh Investment (w)	Dunedin Fund Managers	143	3.3	198	55	21	10	14	104	273
852	Foreign and Colonial	Foreign & Colonial	94	2.4	131	32	29	21	18	110	264
884	Globe	Electra House Group	114	4.6	160	68	19	11	2	103	250
377	Govett Strategic	John Govett	230	2.2	324	48	10	15	27	118	267
336	Philip Hill	Philip Hill	323	4.8	347	79	20	–	1	83	225
11	Jos Holdings	Kleinwort Benson	158	3.6	186	75	9	3□	13	102	273
54	Keystone	Mercury Warburg Inv. Man.	253	3.1	348	55	23	12	10	104	†
124	Kleinwort Charter	Kleinwort Benson	96	3.5	136	55	18	18□	9□	98	264
35●	London & Strathclyde	Gartmore	166	2.4	229	63	30	6	1	104	243
55	Meldrum	Gartmore	218	3.7	275	90	5	5	–	96	299
130	Outwich	Baring Inv. Man.	196	2.5	242	57	16	19	8	100	258
101	River and Mercantile	River & Merc. Inv. Man.	158	5.3	207	55	35	3	7	92	269
52	River Plate & General (w)△	Tarbutt & Co.	241	5.1	309	76	10	–	14	94	224
47	S. & P. Ret. of Assets (w)△	Save & Prosper Group	127	3.7	185	82	18	–	–	141	†
578	Scottish Mortgage	Baillie, Gifford	520	2.3	700	43	21	20	16	112	299
281	Scottish National	Gartmore (Scotland)	286	2.5	380	53	27	14	6	105	253
181	Second Alliance	Independently managed	667	3.7	935	37	49	10	4	97	287
629	TR Industrial & General	Touche, Remnant	197	2.9	277	51	22	20	7	98	257
562Ø	Witan (w)	Henderson	101ac	2.3	139ac	56	22	13	9	104	287
	United Kingdom										
14	City of Oxford	Hambros Bank	263	4.3	324	99	1	–	–	94	266
45	Fleming Claverhouse	Robert Fleming	162	4.5	224	100	–	–	–	101	289
63	Shires (w)	Stanecastle Assets	202	9.7	222	75□	14□	2□	9	68	207
145	TR City of London	Touche, Remnant	109	5.7	141	89	11	–	–	102	305
115	Temple Bar	Guinness Mahon Inv. Man.	150	5.4	200	99	1	–	–	95	311
	CAPITAL GROWTH										
	General										
292	Anglo-American Securities	Morgan Grenfell	344	2.6	506	43	29	23	5	104	†
181	Atlantic Assets	Ivory & Sime	102	1.5	145	16	82	–	2	96	184
89	Electric & General	Henderson	343	1.9	490	51	27	13	9	97	293
34	Greenfriar (w)	Henderson	348	0.7	366	63	13	8	16	107	344
	International										
102	Berry	GT Management	252	0.6	295	56	19	12	13	96	292
104	English & Scottish	Gartmore	88	2.3*	124	42	16	19	23	101	250
37	F & C Eurotrust	Foreign & Colonial	250	1.1	260	4	–	–	96	109	396
277	Fleming Overseas	Robert Fleming	147	2.6	208	6	52	17	25	98	271
122	Fleming Universal	Robert Fleming	128ac	1.5	186ac	10	52	14	24	95	258
68	Gartmore Inform. & Fin. (w)	Gartmore	52	3.1	71	62	38	–	–	108	203
10	German Securities (w)	Liechtenstein (UK)	124	–	124	–	–	–	100	100	†
26	Group Investors (w)	C S Investments	305	2.2	331	45	49	4	2	94	263
159	Hambros (w)	Hambros Bank	178	3.6	257	51	35	6	8	105	213
140	Kleinwort Overseas	Kleinwort Benson	124	2.9	172	9	44	16	31	97	263
20	London & Gartmore	Gartmore	331	0.9	388	27	15	–	58	104	219
12	Mid Wynd International	Baillie, Gifford	183	1.9	232	19	33	19	29	98	†
218	Monks	Baillie, Gifford	210	1.8	280	27	26	24	23	96	252
119	Murray Smaller Markets	Murray Johnstone	324	1.2*	379	19	4	19	56	97	315
15	Nordic△	GT Management	53	0.5	77	23□	–	–	77	105	†
92	North Atlantic Securities△	Morgan Grenfell	338	1.4	472	–	44	46	10	98	†
187	Northern American	Dunedin Fund Managers	386	2.0	515	17	29	27	27	104	288
33	Northern Securities	GT Management	214	2.0	268	65	15	10	10	108	242
130	Romney	Lazard Brothers	332	2.1	452	12	39	29	20	97	259
352	Scottish Eastern	Martin Currie Inv. Man.	114	2.5	159	47	17	22	14	109	268
456	Scottish Investment Trust	Independently managed	373	2.4	485	35	31	18	16	100	252
97	Trans-Oceanic	Schroder Inv. Man.	197	2.8	267	34	40	16	10	98	229
99	Tribune	Baring Inv. Man.	138	2.9	192	45	20	20	15	87	271
283	U.S. Debenture Corp.	GT Management	280	3.3	361	57	19	16	8	111	255
	North America										
154	American	Edinburgh Fund Mgrs.	131	3.4*	181	20	80	–	–	97	208
158	Edinburgh Amer. Assets	Ivory & Sime	105	0.8	149	22	70	3	5	111	223
148	Fleming American	Robert Fleming	525	1.6	700	3	97	–	–	100	224
37	Gartmore American Secs.	Gartmore	130	1.4	180	16	78	3	3	102	267
156	Govett Atlantic	John Govett	139	2.9	186	13	86	–	1	99	183
82	TR North America	Touche, Remnant	96	2.7	125	8	92	–	–	96	232
	Far East										
47	Drayton Far Eastern (w)	MIM	180	0.9	251	2	–	72	26	105	265
170	F & C Pacific (w)	Foreign & Colonial	216	1.0	274	5	19	56	20	112	258
293	Fleming Far Eastern	Robert Fleming	129	1.1	182	1	–	81	18	102	339
304	Govett Oriental	John Govett	232	1.4	307	7□	2	76	15	108	302
24	Martin Currie Pacific (w)	Martin Currie Inv. Man.	144	0.5	181	–	–	82	18	99	†
5	New Australia△	Clayton Robard (UK)	107	2.0	98	–	–	–	100	87	†
13	Pacific Assets (w)	Ivory & Sime	79	1.3	105	5	–	–	95	95	†
73	Pacific Investment (w)△	Thornton & Co.	123	0.4	138	6	–	61	33	91	†
33	TR Australia (w)	Touche, Remnant	90	3.7	105	9	–	–	91	97	155
194	TR Pacific Basin (w)	Touche, Remnant	185	0.8	257	3	–	82	15	97	380
	Japan										
58	Baillie Gifford Japan (w)△	Baillie, Gifford	434	0.2	540	–	–	100	–	98	†
15	Baillie Gifford Shin Nipp. (w)	Baillie, Gifford	73	0.9	88	–	–	100	–	99	†
109	Crescent Japan	Edinburgh Fund Mgrs.	247	0.2	323	–	–	100	–	94	410
281	Drayton Japan	MIM	769	0.2	1004	4	–	95	1	107	408
160	Fleming Japanese	Robert Fleming	733	0.8	959	2	–	98	–	100	389
96	GT Japan	GT Management	220	0.9	296	7□	2	88	3	97	389
72	Japan Assets (w)	Ivory & Sime	63	0.1	87	1	–	99	–	100	†
79	New Tokyo (w)	Edinburgh Fund Mgrs.	269	0.4	364	–	–	100	–	99	441
	Commodities & Energy										
6	City & Foreign	MIM	120	1.2	141	24□	76	–	–	67	142
19	Precious Metals△	J. Rothschild	120	0.7	142	5□	55	–	40	97	†
87	TR Natural Resources	Touche, Remnant	111	5.3	144	37	34	–	29	100	132
21	Viking Resources	Ivory & Sime	36	8.0	52	58	42	–	–	98	44
14	Wemyss	Edinburgh Fund Mgrs.	610	5.1	631	69□	31	–	–	52	151
	Technology										
10	Baillie Gifford Tech. (w)	Baillie, Gifford	62	3.5	89	45□	55	–	–	78	†
81	Fleming Technology	Robert Fleming	143	2.3	204	41	37	19	3	100	195
84	Independent	Ivory & Sime	200	1.2	297	18	80	–	2	80	193
361	TR Technology	Touche, Remnant	103	2.5	152	40	40	15	5	100	239
	INCOME GROWTH										
378	British Assets	Ivory & Sime	58	4.7	81	50	44	–	6	107	267
154	First Scottish American	Dunedin Fund Managers	314	4.5	421	92	4	–	4	113	266
72	General Consolidated△	Independently Managed	298	5.9	382	68	29	–	3	88	271
210	Investors Capital Trust	Ivory & Sime	258	5.9	327	99	1	–	–	98	†
36	Lowland	Henderson	151	2.8	146	89	4	–	7	98	458
153	Merchants	Kleinwort Benson	114	5.4	157	65	26	3	6	96	237
167	Murray Income	Murray Johnstone	154	5.0*	187	76	11□	–	13	100	301
279	Murray International	Murray Johnstone	161	4.4*	215	41	37□	13	9	92	274
142	Raeburn	Lazard Brothers	387	4.4	522	56	28	11	5	94	244
204	Securities Trust of Scotland	Martin Currie Inv. Man.	87	4.1	113	56	24	13	7	106	300
	SMALLER COMPANIES										
16	Continental Assets (w)	Ivory & Sime	81	–	126	–	–	–	100□	61	†
46	Dundee & London	Dunedin Fund Managers	198	4.0	273	73	13	13	1	99	249
56	English & International (w)	MIM	158	3.4	209	57	23	18	2	105	278
84	F & C Alliance	Foreign & Colonial	112	2.3	154	42	26	18	14	105	237
10	First Charlotte	Ivory & Sime	9	0.8	13	95	1	4	–	95	168
24	Fleming Fledgeling	Robert Fleming	130	1.1	187	71	28	1	–	94	251
63	Glasgow Stockholders	Gartmore (Scotland)	132	2.5	167	48	35	6	11	105	234
16	Kleinwort Smaller Cos.	Kleinwort Benson	285	4.1	364	98	1	–	1	99	305
31	London Atlantic	Investors in Industry	187	5.1	259	74	14	–	12	98	244
22	Moorgate	Independently Managed	423	4.7	471	93	1	–	6	89	333
21	North British Canadian	Investors in Industry	225	4.3	311	96	3	–	1	103	266
66	St Andrew	Martin Currie Inv. Man.	137	3.3	190	54	20	21	5	91	266
230	Scottish American	Stewart, Ivory	318	3.2	411	45	34	10	11	99	229
44	Smaller Companies Int.	Edinburgh Fund Mgrs.	80	2.5	110	51	24	25	–	95	276
21	Strata Investments (w)△	Henderson	123	–	134	36	23	12	29	99	†
230	TR Trustees Corp.	Touche, Remnant	161	3.7	237	65	26	9	–	105	249
257	Throgmorton (w)	Throgmorton Inv. Man.	283	4.2	378	88	9	2	1	119	306
21	Throgmorton USM (w)△	Throgmorton Inv. Man.	80	–	104	99	1	–	–	107	†
	SPECIAL FEATURES										
78	Ailsa△	J. Rothschild	110	3.2	150	48	30	14□	8□	95	†
15●	Consolidated Venture (w)	MIM	118	0.1	145	14□	85	–	1□	93	191
165	Drayton Consolidated	MIM	322	4.5	473	75	18	6	1	96	203
21	Edinburgh Financial (w)	Stanecastle Assets	37	3.9	48	85□	9	–	6□	113	†
265	Ensign Trust	Merchant Navy Inv. Man.	148	1.6*	163	70	23	3	4	105	†
40	Fleming Enterprise	Robert Fleming	304	4.2	400	100	–	–	–	99	283
297	Fleming Mercantile	Robert Fleming	158	3.3	196	55	32	8	5	97	244
25	GT Global Recovery△	GT Management	154	2.3	188	76	14	4	6	114	220
58●	Murray Ventures (w)	Murray Johnstone	379	1.7	501	69	12	11	8	88	278
89	Nineteen Twenty-Eight△	London & Manchester	185	3.1	238	91	9	–	–	103	214
8	Stewart Enterprise (w)	Stewart Ivory	42	4.2	48	69	22	8	1	67	†
112	TR Property	Touche, Remnant	182	3.1	241	67	13	12	8	96	240
	SPLIT CAPITAL (x)										
26	Altifund 86/88	Gartmore	660	0.1	745	98	2	–	–	85	291
2	Child Health 87	Thornton & Co.	370	–	430	39	2	29	30	118	230
45	City & Commercial 88/93	MIM	780	–	1101	81	8	10	1	108	291
39	Dualvest 85/87	MIM	1460	–	1718	90	8	2	–	106	271
35	Fundinvest 85/90	MIM	380	–	493	80	8	10	2	105	275
3	Marine Adventure 88	Thornton & Co.	215	–	299	41	2	25	32	120	†
47	New Throg. (1983) (w) 08	Throgmorton Inv. Man.	62	–	144	100	–	–	–	139	†
39	S. & P. Linked 95/97	Save & Prosper Group	414	–	716	100	–	–	–	116	373
24	Throg. Secured Growth –	Throgmorton Inv. Man.	350	–	481	100	–	–	–	69	287
98	Triplevest 87/91	MIM	992	–	1391	89	10	1	–	115	256

NOTES TO THE TABLE

- † No data.
- * Applies to Ordinary/"A" Ordinary only.
- □ More than one quarter in non-equity investments.
- (x) Capital shares and winding-up dates.
- z Incorporates recent revaluation of unlisted investments.
- ac Adjusted for scrip issue.
- ar Adjusted for rights issue.
- (q) Published quarterly.
- (w) Company has warrants or options in issue.
- ● More than 20% in securities or other assets included at directors' valuation.
- △ The Trust has provisions for a limited life. Please refer to the company for further information.
- Ø Figures not directly comparable with previous month.

Cols. 1, 4 to 6 Figures supplied by Wood Mackenzie & Co. Ltd. members of The Stock Exchange. The figures in Cols 1&6 are simulated to date shown based on latest valuation supplied by the companies and made available to The Stock Exchange.

Col. 11 The gearing factor indicates the percentage amount by which the net asset value per share would rise if the value of the equity assets increased by 100 per cent. Further explanation is given in the booklet 'More for your money.'

Additional explanatory notes are available on request from The Secretary, The Association of Investment Trust Companies, Park House (6th Floor), 16 Finsbury Circus, London EC2M 7JJ. Tel: 01-588 5347.

INDICES OF FIVE YEAR TOTAL RETURN

+ Investment Trust Average	261
F.T.–Actuaries All-Share	287
* Standard & Poors Composite	262
* Tokyo New Stock Exchange	484
* Morgan Stanley Cap. Int. World	310

+ Excludes split capital.
* Adjusted for exchange rate changes.

Invaded by weeds

During the three years we have lived here our young next door neighbour has made no attempt to control the spread of weeds from her garden. The front garden is full of dandelions and the back is just an overgrown jungle of waist high grass and trees and shrubs. We have asked politely, reminded, written and phoned all to no avail. Her neighbour on the other side and I have tried to tame the front garden but have got no response from her.

I have been to the local town hall and have been referred to the Ministry of Agriculture which in turn referred my letter to another office which has now written back referring me back to the local council. Where do I go from here?

If the local authority and the Ministry of Agriculture are passing the buck to each other you may find it more effective to turn to the common law. The spread of weeds can be a nuisance at common law if there is an escape onto your land of weeds (or their seeds) in sufficient quantity to render your garden not of a standard of reasonable comfort for use as a garden. You should consult a solicitor with a view to taking proceedings in court for an injunction, if the facts warrant your doing so.

Home is ruined

The bank which is my late father's trustee has sold part of the garden of my home to a firm of developers to build a three-storey office block in spite of fierce opposition from other residents and myself, as it is going to ruin my home. It will be the most awful loss of privacy as well as taking the light from my house, and also the annoyance of parking cars.

The building of the thing will be a holocaust of hammering and the smell of diesel engines so near to my kitchen will be intolerable for about two years. Can I ask that the trustees re-house me during this period out of the trust and eventually could I claim damages for the loss of almost every amentity that I am entitled to? The judge told them either to sell the piece of garden or leave it undivided in the estate until they sold the cottage I am in. He also said I had "a nice little cottage for life!"

It seems from your letter that there has been an order of the Court directing the trustees what to do. If they do not comply strictly with the order you can require the trustees to desist from their proposals: but if the order is complied with you cannot make any claim against the trustees by virtue of your position as a beneficiary. However, you would have a separate right to restrain any nuisance at law, so that excessive noise, dust etc. could be the subject of proceedings for an injunction or damages. You would also be wise to consult a solicitor.

Trust for daughter

In order to reduce inheritance tax liability we are thinking of giving our daughter say £10,000. We are concerned, however, that she is not very skilled at managing money and there is the danger that it would soon be spent! Apart from setting up a trust, which seems to be expensive, is there any other method of giving her the income on that money—for say 10 years—or even life?

Our belief is that some banks and managers do not give these matters the close attention they deserve. Moreover, we feel that generally their charges are excessive and their liability for good investment virtually "NIL."

We do not think that there is an effective means of doing what you require without using a trust. If however you have two or three reliable friends who would be willing to act as trustees, either [illegible] limited fee to be charged in accordance with express terms in the trust, you can create a much less expensive trust than you would if you used professional trustees.

Property transfer

In February next year I reach the age of 65, and wish to reduce taxes at my death by taking advantage of the recent Budget's changes in Capital Transfer Tax. To this end I wish to transfer a property I own in London to an old friend, still abroad after eight years, although he hopes to return to the UK mid 1987. He lived in London before going abroad but is unsure if he will settle here, or indeed in the UK.

To my surprise he is thinking of declining the transfer because he will have to pay Capital Gains Tax.

Can you please advise me if he would incur any tax if I transfer the property and he sells, either while he is still abroad, or after his return to UK. I realise that I must survive any transfer for a period of seven years to avoid Capital Transfer Tax.

It is you who faces the capital gains tax bill. As your friend is neither resident nor ordinarily resident in the UK, you will be charged to CGT as if you had sold the property to your friend at its current market value. The solicitor who acts for you in the conveyance will be able to guide you through the CGT maze.

Your friend will have no CGT liability upon a sale of the property in the current year, as he is neither resident nor ordinarily resident here. A sale in 1987-88 before his return to the UK might escape CGT, by virtue of extrastatutory concession D2. A sale after his return would attract CGT only by reference to any gain over the market value at which you are deemed to have sold it to him.

Called to account

With reference to the reply to "Nominee Company" (July 19), surely under section 252 Companies Act 1985 such a nominee company for holding shares could not be regarded as "dormant" all the time?

Under section 252 (5) (a) surely the acquisition/disposal of shares would amount to significant accounting transactions needing to be entered in the company's accounting records?

Therefore, would you not agree that such a nominee company would only be able to avoid filing of its financial statements (admittedly in an abridged form if conditions of section 247 exist) in an accounting period where no significant accounting transactions took place?

We agree that the company might not be dormant all the time, but where the shares are held merely in a custodial capacity there should be no significant accounting transaction unless the company were holding shares in such capacity for reward. We would answer your last question in the affirmative.

BRIEFCASE

Widow's benefits

My mother is widowed and I am her son and only child. She is contemplating setting up a (discretionary) trust gifting (with reservations) her house and investments to it. The reservations, naturally, are that she live in the house and enjoy the investment income. The value of her estate will probably not exceed the inheritance tax threshold of £71,000 by any substantial amount.

The exercise is obviously pointless from the tax point view, but what would be her position if, say, she were ultimately to be incapacitated and be admitted to a nursing home? If the trustees paid part of the nursing home fees up to the full extent of the trust income, would supplementary benefit meet the balance?

Would a claim for such supplementary benefit have more chance of success if the trust were, to maximise its income either by letting the property or selling it and investing the proceeds?

Your mother really ought to talk things over with a solicitor or other adviser. She must, of course, take care that nothing which she decides to do could be construed as fraud or theft (obtaining a pecuniary advantage by deception).

The date is wrong

From time to time when I arrive home from shopping I notice that I have been given a wrongly dated (machine) receipt. What would be my position should I be challenged by the shop security staff?

You can always prove by other means the correct date of your payment eg by requiring the machine from which the receipt was issued to be examined or by reference to your cheque if you have paid by cheque. The receipt is by no means conclusive evidence of the date of the transaction.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

Cashing-in on profit sharing

David Cohen explains how employees could soon get a choice of shares or money

THE MAIN theme of the recent Government Green Paper on profit-related pay was that profit-linked cash payments deserve to be encouraged. But the document also raises the intriguing prospect that companies will soon be able to offer their employees a choice between cash and shares—with both alternatives qualifying for tax relief.

The only profit sharing arrangements currently endorsed by the Inland Revenue are the share ownership schemes introduced by the Finance Act 1978. These schemes are administered by trustees who receive a percentage of the company's annual profits and use the money to buy shares in the company. These shares are earmarked for particular employees but usually continue to be held by the trustees for at least two years.

After that, each employee can insist on "his" shares being transferred to him or sold on his behalf. However, if the sale or transfer occurs within four years of the original acquisition date the employee will face an income tax bill on the full initial value of the shares. In the fifth year only 75 per cent of the value is taxed and if the shares are left with the trustees for at least five years then income tax will be avoided altogether.

The statutory rules on share ownership schemes make no provision at all for the payment of cash to employees. Nevertheless, a significant number of companies have built in a cash alternative to their schemes. The list includes such blue chip companies as British Telecom, British Airways, Boots, Sainsburys and the big four clearing banks.

Employees in such schemes are given a choice between a certain value of shares held by the trustees or the equivalent in cash.

The Inland Revenue has been reluctant to approve cash alternatives. One of the guiding principles of the 1978 legislation is that a scheme must not contain features which are likely to discourage employees from accepting shares. The Revenue argues, plausibly enough, that a cash alternative is just such a feature.

So until now, approval has been given grudgingly and generally on condition that the company retains discretion over whether or not to pay out cash. Hence, employees have had to choose between the certainty of shares and the possibility—though it will usually be rather more than that—of equivalent cash.

Now, however, Revenue resistance appears to have crumbled. The recent Green Paper gives details of various companies which have introduced share/cash alternatives. There is no suggestion of any Revenue curbs on these types of arrangements and indeed the Green Paper portrays them as a sign of things to come.

Cash alternatives have until now been held back by their unfavourable tax treatment. The payments are simply treated as extra salary and therefore subject to full income tax and national insurance contributions (NICs). With the tax arithmetic strongly biased towards the share alternative, only employees with a keen appetite for immediate spending power or a gloomy view of their company's future are likely to take cash.

But the choice will become much less straightforward if, as the Green Paper contemplates, the cash element of share schemes qualifies for relief as profit-related pay.

It is envisaged that relief will be given on a quarter of the profit-related pay up to a maximum of 5 per cent of total salary or (if less) £1,000. There will be no exemption from NICs and, indeed, if for any reason NICs are not payable tax relief will be lost.

Suppose, for example, that after the introduction of the new relief an employee earning £10,000 per annum is offered £500 worth of shares under a share ownership scheme with a cash alternative. If he opts for the shares and then leaves them with the trustees for at least five years he will pay neither income tax nor national insurance.

If he takes the cash he will get relief of £125 but will pay tax at 29 per cent on the remaining £375, ie £108.75. In addition, the 9 per cent NIC rate will produce a further bill for £45. Hence, he will be left with £346.25 net.

The more generous relief on shares will be outweighed to some extent by the more onerous conditions attaching to it. The decision for the employee may ultimately resolve itself into whether he really wants to be a shareholder in the company for which he works.

For the employer, the share alternative will be cheaper, at least in the short term. The company will be able to set the cost of both alternatives against its corporation tax liability but will have to pay employers' NICs of 10.45 per cent on cash but not on shares.

From the odd to the bizarre

Donald Elkin on the Revenue's attitude to expatriates over tax on interest payments

BRITONS living and working overseas have won the right to receive interest on savings with banks or building societies free of the tax deducted at source. But this is not always the advantage it might seem.

Building societies have for years paid their interest net of composite rate tax (CRT) in lieu of the rather higher basic rate. CRT is the estimated average rate of tax payable by all building society investors. Repayment of it is never allowed, so non-residents suffered unnecessary tax.

In April 1985, British banks, against their wishes, were incorporated into the CRT scheme, though investors completing a declaration of non-ordinary residence in Britain could continue to receive their interest gross. A year later this right was extended to building societies.

Non-residents could be forgiven for thinking that the declaration of non-residence exempts interest from tax; in fact, it merely allows the bank or building society to pay it gross, leaving the Inland Revenue free to decide whether or not they will claim tax on it.

By law, all interest received from the UK is taxable—unless there is exemption under a double taxation agreement. However, the difficulty of pursuing a tax liability owed by someone who lives abroad is such that the Revenue long ago decided not to attempt to collect all of it.

If during a tax year throughout which you are non-resident, you receive British interest gross and there is no UK agent through whom you can be taxed, no attempt will be made to collect the liability—unless it can be set off against any relief which you yourself claim from the Revenue.

This concession applies only to people who are non-resident throughout the tax year. If after employment overseas you return to Britain in the middle of a financial year, tax would be claimed on all bank or building society interest paid to you gross since the previous April.

The treatment accorded to those non-residents who are entitled to claim personal reliefs to set off against their UK income is even more surprising.

For members of the services or Diplomatic Corps who become non-resident because of an overseas posting, the Taxes Acts provide that their salary will continue to be liable to UK tax. By completing the appropriate declaration they can at least share one of the benefits available to other expatriates by having bank or building society interest paid gross.

But if they claim the usual tax allowances, as a single or married individual, this interest relief will be reduced to claw back the tax on the interest paid gross. Former Crown Servants living overseas in receipt of British pension may find themselves in a somewhat similar position, even to the extent of losing all of their reliefs, the whole pension then being taxable at 29 per cent.

If arbitrarily allowing one non-resident to avoid tax on British interest while another has to pay it seems rather odd, their permitting someone to arrange to have interest paid without deduction of CRT only to re-collect it later, is distinctly bizarre. And to add insult to injury, whereas the CRT avoided by the declaration is currently 25.25 per cent, the tax clawed back will be at least 29 per cent.

A change of Revenue practice looks to be overdue, but until it is forthcoming the moral is plain: if you fall into one of the categories you should steer clear of interest-bearing accounts with British banks and building societies. An offshore deposit account, or better still a roll-up fund, will be much more tax-efficient.

CHESS

Karpov succumbs to nervous tension

ANATOLY KARPOV set an unenviable record for world title play last week when he overstepped the time limit against Gary Kasparov in their eighth match game. It was only move 30, and there were another 10 moves to go before the control.

Any loss on time is very rare in a world championship series. On the last such occasion, in 1958, Botvinnik simply forgot about his clock when in a winning position against Smyslov. Karpov himself was once among the fastest players on the international circuit, a brilliant performer at "blitz chess," in which each side has five minutes on the clock for the entire game.

So what happened to him last Friday? Watching while his situation deteriorated from 19 moves in 14 minutes down to 14 in 4 and then to 10 in a few seconds, one could see a man paralysed by nervous tension. Twice, while Kasparov thought, Karpov leant right across the board to peer closely at the clock; he checked and re-checked his score-sheet, fiddled with his pen and adjusted his cuffs. When Kasparov crisply made his move, Karpov seemed stunned, hesitant and unable to react.

He had already taken too long over his earlier moves. The first 10 were routine development, but Karpov thought for half an hour. He spent more than an hour over his next five, yet failed to exchange off Kasparov's attacking knight which ultimately won the game.

If chess is highly stylised, symbolic, *ersatz* war, Kasparov knows how to increase the underlying physical tension and chemistry at the board. More than any grandmaster since Bobby Fischer he utilises his own charisma. Jonathan Speelman, the British champion, says that playing Kasparov is like facing bombardment with thought waves. On the move, Kasparov sits body forward, looming menacingly over the pieces, occasionally placing both hands palm down on the table as if gripped by the discovery of a hidden tactical point.

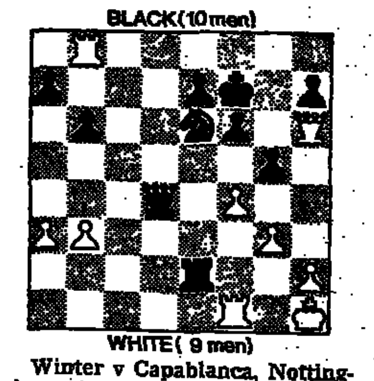
Kasparov's mannerisms fall far short of breaching the rules borderline of "disturbing the opponent" and normally make little impact on Karpov. But under pressure from a ticking clock, a knife-edge tactical position, and a missed win in game seven, the ex-champion suddenly looked psyched out. Defeat left him one down with 16 to play—effectively two behind, because Kasparov can retain the title with a drawn series.

White: Kasparov. Black: Karpov.
Queen's Gambit Declined
(8th game)

1 P-Q4, P-Q4; 2 P-QB4, P-K3; 3 N-QB3, B-K2; 4 PxP, PxP; 5 B-B4, N-KB3; 6P-K3, 0-0; 7 B-Q3, P-B4; 8 N-B3, N-B3; 9 0-0, B-N5 (Karpov's problems in the match have all been with the black pieces, so now was the time for the no-risk move PxP); 10 PxP, BxP; 11 P-KR3, BxN; 12 QxB, P-Q5; 13 N-K4, B-K2 (and here NxN; 14 QxN, P-KN3 is best, as there are no real targets for White's bishop pair); 14 QR-Q1, Q-R4; 15 N-N3! PxP; 16 PxP, QxP; 17 N-B5, Q-K3; 18 B-KR6! (Kasparov in his attacking element; if PxB? 19 Q-N3 ch mates), N-K1; 19 Q-R5, P-KN3; 20 Q-N4, N-K4; 21 Q-N3, B-B3; 22 B-QN5? (over-finessing or bluff: 22 BxR should eventually win on material) N-N2; 23 BxN, BxB; 24 R-Q6, Q-N6; 25 NxB, QxB; 26 N-B5, QR-Q1? (Karpov was down to four minutes: instead QR-K1! and White's attack is not worth a pawn); 27 R-KB6, R-Q7; 28 Q-N5, QxP; 29 K-R1! K-R1? (R-Q2 might yet survive): 30 N-Q4! RxN; 31 QxN, Black lost on time. After R-Q7; 32 Q-K7! White wins anyway.

PROBLEM No 634

BLACK (10 men)



WHITE (9 men)

Winter v Capablanca, Nottingham, August 24 1936. White (to play) has a material advantage, but Black's queen on Q5 and rook on K7 have set up the menacing threat of Q-Q4 ch followed by Q-N7 mate. William Winter was short of time, failed to find the right continuation, and lost the chance to defeat the "unbeatable" Capa. Can you do better?

All the publicity about K v K says their match marks the centenary of the first (1886) title series. Nobody has noticed that it is also the 50th anniversary of what was probably the greatest British chess tournament, in which five world champions took part. Only Botvinnik (co-winner with Capablanca), Fine and Reshevsky survive from that legendary Nottingham event.

Solution Page XIII

Leonard Barden

BRIDGE

ENTRIES for the Holborn Unit Trusts London Trophy close early in September. Here is a hand from last year's final, which shows that it does not always pay to be clever:

W	N	E
	♠ J 9 4	
	♡ 8 4	
	◇ K J 10	
	♣ A Q 10 9 3	
♠ 10 8 7 5		♠ 6 2
♡ Q 9		♡ A K 10 7 6 2
◇ A Q 9 7		◇ 8 5
♣ 6 4 2		♣ J 7 5
	S	
	♠ A K Q 3	
	♡ J 5 3	
	◇ 6 4 3 2	
	♣ K 8	

North dealt with both sides vulnerable, and after two passes South opened the bidding with one no trump, and North's raise to three concluded the auction.

West decided to lead from his spades—hardly a dynamic opening — and chose the "clever" lead of the eight. South won in hand, cashed the club king, led another club, and finessed dummy's nine. The knave won, and East returned the heart seven. To his surprise West found himself taking the trick with his nine. Now, had West opened with his fourth best spade, he would have known that declarer held nine points in spades and three in clubs. Therefore, there was no room in his hand for ace or king of hearts.

He would have returned the heart queen, allowing his partner to run five tricks. In the resulting carnage declarer would have been held to five tricks—just retribution for bidding one no trump with two worthless suits. Why not one spade? It has just the same pre-emptive value.

But West was convinced that his partner had some concealed treasures in spades, so he continued with another spade. Fortunately for him, South had only eight tricks—he had to play a diamond. West woke up, took his ace, and led his heart queen.

This no trump contract occurred at rubber bridge:

W	N	E
	♠ A Q 8 5	
	♡ 7 6	
	◇ 8 5	
	♣ A K 7 4 2	
♠ J 3		♠ 10 9 6 4
♡ Q J 10 9 5		♡ 4 2
◇ K 10 7 3		◇ A J 2
♣ 10 3		♣ J 8 6 5
	S	
	♠ K 7 2	
	♡ A K 8 3	
	◇ Q 9 6 4	
	♣ Q 9	

North dealt at game all and bid one club. South replied with one heart, and went three no trumps after his partner's rebid of one spade.

All passed, and West led the heart queen.

Winning with his king, the declarer cashed his club queen, crossed to dummy's king, cashed the ace, and conceded a [illegible] trick to the knave. East saw that a diamond switch was essential, and he was careful to lead the knave—if he selects any other card, he lets declarer off the hook. The queen covered, and West won with the king. Fully alive to what was going on, West returned the three, East won with his ace, and led back the two, allowing his partner to take two more tricks, and defeat the contract.

The defence was excellent, but what shall we say of the declarer's play? After winning the opening lead, he should cross to the ace of spades, return the two of clubs, and finesse the nine in hand. West wins, but he is in no position to make a damaging attack in diamonds. He does return the three to East's ace, and the knave comes back, but the defence makes only three tricks in the suit, and South claims the rest.

E. P. C. Cotter

Chatty choo-choo

In the US it pays to take the train. Christina Mackenzie travels from Chicago to the West Coast

Amtrak's Empire Builder makes its way across the high plains

"GOOD MORNING, America, how are you? I'm the train they call the City of New Orleans/ I'll be gone 500 miles when the day is done." So sang Arlo Guthrie in the '60s. Nowadays, the trains are likely to be called the Crescent, or the Southwest Chief, or the Cardinal, but they are all a great way to say "hello" to the United States.

True, it's not the fastest way to travel—the trains rarely run at more than 70 mph—but it's certainly the most comfortable way to see and understand the country's diversity.

I was in Chicago and wanted to go to San Francisco, visiting the Grand Canyon on the way. I had two weeks in which to make the round trip, and the train seemed a good way to sightsee without worrying about renting cars, looking at maps, and finding overnight stops.

The first train I took was Amtrak's Southwest Chief, which runs between Chicago and Los Angeles.

The coach cars are on two levels. The lower level has five airline-type toilets, a changing room each for men and women, plenty of room for luggage, and a small seating area for the elderly or the handicapped, who would find it difficult to negotiate the narrow staircase up to the second level.

Like all Amtrak's transcontinental trains, this one had a formal dining-car and a cafeteria, both of which served surprisingly edible, if expensive, food. A dinner of lasagne, salad, apple pie and ice-cream, accompanied by a half-bottle of Californian burgundy, cost me about $10. If I'd eaten the steak or fish I would have paid almost double that.

When it got too dark to see outside, there was bingo or a cowboy film shown on the two television screens in the lounge car.

The sun rose just as we left the boring plains of Kansas and entered the semi-arid high desert of Colorado. I felt as though I were seeing the back of the country's scenery; the belly-side of towns, back gardens, and everything the powers-that-be think is hidden from public view. I had been looking forward to seeing Trinidad, Colorado—visions of bougainvillea and coconut trees like its Caribbean namesake—only to find a dark, dilapidated, apparently half-abandoned village. We went through towns that Hollywood moguls could easily use as doubles for the worse Brazilian slums.

As we entered New Mexico in late morning, the earth began to turn red, great dry cracks opened up in the ground, and the trees shrank to almost bush size. As the ground turned progressively stonier and I thought about the hardships of the 19th century pioneers travelling this vast land in wagons, I was abruptly brought back to the 20th century by the sight of a vast car cemetery in the middle of nowhere.

Items of interest en route are pinpointed in a little pamphlet by telling you how much time should have elapsed from the last station and whether to look left or right.

When we reached Albuquerque in New Mexico, Chester Mahooty came aboard. He was a Zuni Indian, whose real name was Laitiwa, and as we went through the vast and sparsely populated Indian reservations in the area, he told us in his lilting voice about the different Indian customs.

He told about ranching and different arts and crafts: the Zunis adopted the Mexican art of silversmithing at the turn of the century and are now known for their silver and turquoise jewellery. The Navajos are famous for their weaving (a good Navajo rug sells for prices rivalling its Persian cousin), and the Acoma people make pottery decorated with bold goemetric designs. Laitiwa or one of his colleagues is a regular on this train, and more than happy to answer questions, and perhaps sell a little jewellery into the bargain.

As he was talking I watched a spectacular sun setting behind the dark silhouette of the Mountain of the Kneeling Nun, and realised I had almost reached my first destination: Flagstaff, Arizona, the nearest train stop to the Grand Canyon. There, I rented a car and spent the best part of the next day driving around this most spectacular of eerie, unworldy landscapes, returning to Flagstaff in time to catch the train at 9 pm.

We arrived in a rainy Los Angeles early next morning and had a two-hour layover before catching the Coast Starlight for the ten-and-a-half-hour journey to San Francisco. This train is quite different from the Southwest Chief. In spite of the fact that it goes all the way to Seattle, Washington (a 31-hour journey), there are no films, no explanatory leaflets, no visiting lecturers, and a lot more people on board. The landscape slipping by was of softly rolling hills that appeared to be covered in fine green velvet on one side of the train, and the Pacific on the other.

Because of San Francisco's geographical position, the train stop for the city is in Oakland, and a bus takes you the rest of the way across the Bay Bridge.

After a week developing my leg muscles walking up and down San Francisco's steep hills, I was ready for the restful train journey to Denver aboard the California Zephyr. In late spring this leg of the trip is spectacular. It crosses the high desert of Utah and then goes over the Rockies.

The club-like atmosphere of the train was evident when I ran out of film. The steward made an announcement on the intercom system, and within minutes several people had offered to sell me spare rolls of theirs. An impromptu competition later arose to see how many herds of antelope we could see and whether anyone could spot a bison.

As we rounded the last mountain at dusk, the steward told us to look out of the left side. The surprise of Denver's lights after a day and a half of desert and mountain was considerable.

Since that trip I have made one other from Washington DC to El Paso, Texas, via New Orleans and back again. My experience is that the most entertaining train was the first I took — the Southwest Chief. Amtrak's management says there are plans to put the kind of entertainment found on the Southwest Chief on other trains in the near future. But remember: the best entertainment comes from talking to your fellow travellers and watching the landscape change. It beats a film any day.

PRACTICAL INFORMATION: 14, 21, or 30-day passes can be bought outside the US. They cost $375, $450, and $525 and allow you to travel wherever you want in the US and parts of Canada with unlimited stopovers. The regional rail passes will give you two weeks of travel with unlimited stopovers on any one of four routes: the eastern region, $215; the northeastern, $125 the western, 225, and the far western, $125. However, if you want to visit only three cities you may find it cheaper to by an All Aboard Amtrak fare in the US. These fares allow you a return trip within 45 days through one or more of the eastern, central or western regions with one stopover in each direction.

For more detailed information get in touch with: Albany Travel, 190 Deansgate, Manchester (061) 833 0202; American Express Holidays, Portland House, Stag Place, Victoria Street, London (01) 834 5555;

A storm-free odyssey

Tired of beach-bound holidays? Caroline Keely tries sailing in the Turkish Aegean

AS AN admirer of Rose Macaulay's formidable Aunt Dot in The Towers of Trebizond, Turkey has always held the promise of adventure for me. It was in this spirit that I joined a small group in a *goulette* sailing off the Aegean coast: a considerably less energetic journey than Aunt Dot's, but a stimulating change from the usual beach-bound holiday.

The stark, bright light, as we stepped off the plane and into the tiny arrivals lounge at Izmir airport, with its aroma of dark tobacco, recalled Greece. But the minarets and women in traditional baggy trousers and headscarves bent over in the fields were a reminder that before Ataturk in 1923 and the "westernisation" of Turkey, Anatolia was more generally known in Europe as Asia Minor.

We drove to Bodrum across a landscape of alluvial plain, small mountains, and groves of olives, figs and tangerines. The four-hour journey was broken by the vivid blue waters of Lake Bafa. A table on the shore had been laid for supper—ratatouille, grilled fish, salads, fruit, coffee and wine for the princely sum of £2.75 each, a happy omen of things to come.

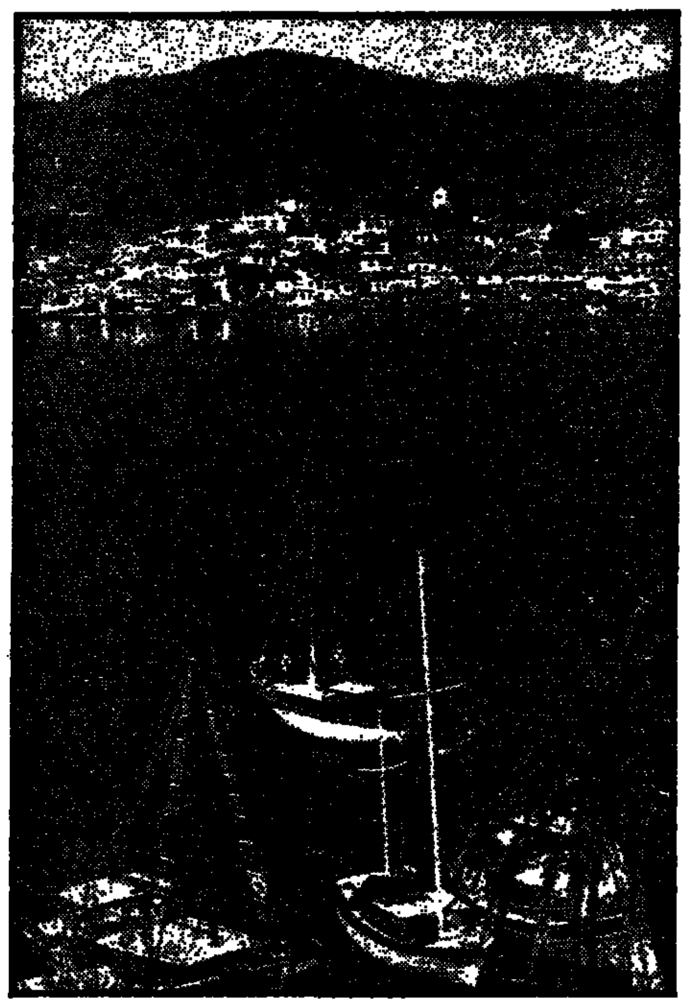
A boating centre and the birthplace of Herodotus, the compact whitewashed town of Bodrum, also known as Halicarnasus, is one of the most romantic and charming places on the Aegean. Approached by night, the town is dominated by the illuminated medieval Castle of St Peter; by day the narrow streets reveal colourful vegetable stalls, carpet vendors, sponge sellers and shoe shiners alongside restaurants, cafes and boutiques selling leather goods. Everywhere pink and red geraniums spill over the sides of old petrol cans used for pots. A garden of oleander, roses and honeysuckle runs through the castle, which houses an exhibition of archaeological finds gathered from wrecks off the Anatolian coast.

Our boat was one of the dozens of *goulettes*, local motor sailing vessels, which jostle for space in Bodrum's busy marina. A handsome 21 metre ketch of varnished pine, Ayaz sleeps up to 12 passengers in six separate cabins each with shower and loo, plus crew quarters. After a delicious breakfast on deck—fresh bread, butter, honey, cheese, tomatoes, coffee or *cay* (tea), the national drink — we were off by mid-day, provisions stored in every available space.

Four hours later we arrived exhausted at the peaceful harbour of Cnidus at the tip of the Datca peninsula. The town has never been excavated systematically and is a joy for the amateur archaeologist — clambering among the ruined amphitheatre and temples we found huge chunks of marble (one with exquisitely carved flowers) and pieces of pottery scattered over the hillsides. Cnidus was one of the six cities of the Dorian Confederacy and famous for Praxiteles's statue of a naked Aphrodite, believed to bring good luck to seafarers. Eudoxos, the founding father of Greek geometry, built an observatory there but now only a couple of *lokanta* (the Turkish equivalent of a *taverna*), one bearing the optimistic sign "fresh lively lobsters," share the site with goats, cows, wild thyme and flowers.

Although described as a sailing holiday, Captain Salih clearly preferred the speed of a diesel engine. For the next week our life was to start early: we motored gently along the coast for a few miles, dropping anchor in a secluded cove where we could swim, windsurf, snorkel, fish or just sunbathe with a glass of wine in one hand and a book in the other.

The Aegean costline of Turkey is a paradise for walkers and naturalists. Rocky paths wind round the slopes of pine and scrub-covered hills which fall to the sea. Abundar wild flowers scatter th meadows — poppies, hollyhock bay, broom, scabious. The fe local smallholders we met wer unfailingly friendly and we coming.



The harbour at Marmaris. Bustling little town where you can go ashore for memorable baklava

We usually ate on board. On evening the crew barbecue lamb kebabs skewered throug branches of an aromatic shrul We spent a morning at th English Harbour, so calle because it provided refuge fo the English fleet during Worl War II. In the afternoon mini-bus took us to neart Marmaris. This bustling litt town, dramatically situated a bay enclosed by mountain was virtually rebuilt after a earthquake in 1958. It has su cumbed to the tourist boo more than Bodrum but our vis was made memorable by th paper thin baklava made wi walnuts and the lemon-scente toilet water sprinkled on ou hands as we left.

At Castle Island we swam ar basked on Cleopatra's Beach, paradise of clear waters ar white sand which Anthony said to have shipped in fro Africa for the gratification his mistress. Also on the islan are the ruins of ancient Kidr part of the Rhodian Co federacy, with the remains of small amphitheatre set am olive groves and a glorious vie across the bay to the mou tains. A holiday village creeping up the slopes opposi the island and no doubt i tranquility will soon be inte rupted.

At the hamlet of Cokertir we watched carpet weavin dined on octopus caught ove the side of our boat and drar wine with "Captain" Ibrahir the portly, genial proprietor the local *lokanta* who sat wi us puffing at his *nargilah*. Ou versatile crew joined the loca in some energetic if inexpe dancing and singing. There a no busy resorts so "nightlif is usually a fierce game of bac gammon or pontoon.

Travelling early in the ye we ran into few other boat although this area of Turkey an increasingly popular crui ing ground. You can chart a *goulette* with a group friends; take pot-luck by you self or with one or two friend or even use it for a busine conference.

• McCulloch Marine (01-452 7509) w charter goulettes from £126 to £330 p person per week depending on t season (May to October), the numb of people and the size and luxury the boat; if you eat on board, fo averages £7 each per day: return fligh to Izmir are from £220.

Homely rooms at the inn

For an autumn break or a discreet weekend Gay Firth recommends a trip to the country

DOCTOR JOHNSON, who knew a thing or two about most things and a great deal about hospitality, declared that a good inn could produce more happiness than anything yet contrived by man. That is coming on a bit strong, but it is certainly delightful, during a casual holiday, weekend break, or discreet disappearance, to happen upon a comfortable, unpretentious inn attentively "kept" in the finer traditions of British innkeepers' care for travellers.

A compact, informative little guidebook, the Benson and Hedges Stay-At-An-Inn Guide (£1, published by the British Tourist Authority, distributed in Britain by the publishing division of the AA) lists nearly 500 such inns and taverns around Britain. Prices range between £9 to over £40 (those quoted are half the minimum double room rate—you will pay a bit more than this for a single), to include breakfast, service charges, if any, and VAT.

As you might expect, a high proportion of inns have names such as "Swan" (Black or White), "Lion" (Red or Golden), and "Horse" (mostly White). There are Georges galore, choirs of Angels and peals of Bells; to say nothing of Feathers and Crowns. If two picked at random for a weekend's rambling around the Cotswolds are in any way typical, then the Guide's standard of selection must be very high indeed.

The Feathers Hotel and Restaurant in Woodstock, 10 miles from Oxford, looks and behaves like a private house: flowers and pot plants scattered prettily about, books casually piled into bookshelves, and a higgledy-piggledy collection of old paintings and prints and antique furniture for comfortable use rather than exhibition.

The 17th century inn, just round the corner from the rear entrance to Blenheim Palace, has 13 double rooms (£54-£88 per person per night, inclusive) and two single ones (from £40), all with private bath, television, telephone, and "English country house" decor.

The owner, Gordon Campbell Gray (late of the Dorchester and the Athenaeum), and his manager, Andrew Harris, have cheerfully firm views on the pursuit of excellence, which are reflected not only in the surroundings and service they offer in the hotel, but also—with two stars from Michelin to show for it—in the restaurant.

The food and service here are well worth a trip from London just for the evening: imaginative, delicious menus on table d'hôte and à la carte tariffs at lunch and dinner; an impressive wine list; and impressively modest prices.

The Northwick Arms, overlooking the river Avon in the old market town of Evesham, is one of the Whitbread "coaching inns"—larger and plainer than the Feathers, but no less welcoming. The 25 rooms include doubles (£45 with bath) and singles (£32-£35 with shower or bath) with much-appreciated extras such as hairdryers and trouser presses. Children up to two years old stay free; two to 14-year-olds are half price.

The Northwick's newly-redecorated, peppermint green restaurant does an excellent à la carte menu that is stronger on value than originality. A perfectly cooked steak at £8.95 included all vegetables, while there is an admirably chosen wine list.

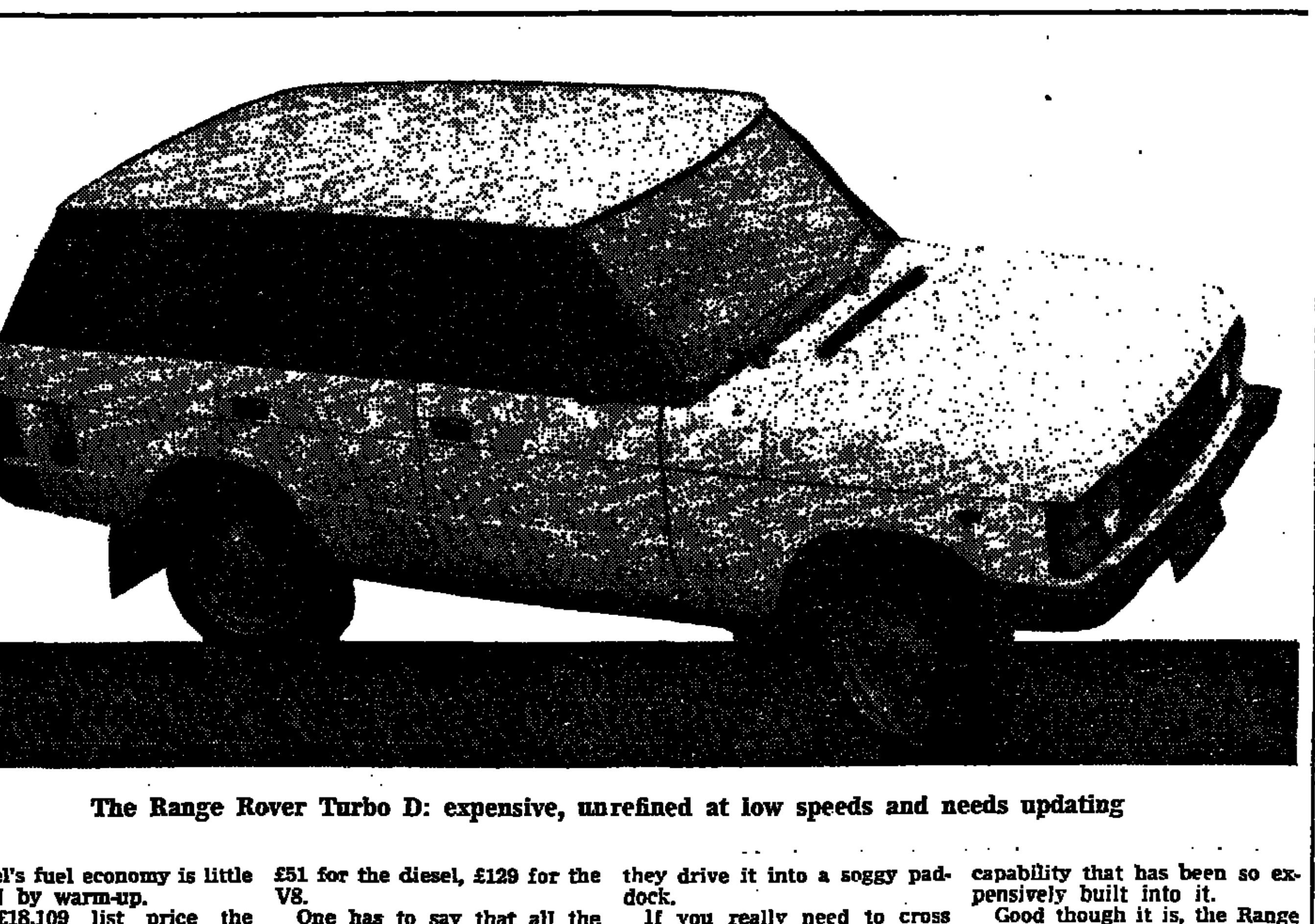
Billy and Debbie Rice, who manage the Northwick Arms, arrange special weekend rates throughout the year, and there is a single room "Weekend Stopover" at £22 a night for bed and breakfast on Fridays and Saturdays. The Feathers, too, does special arrangements, including Christmas.

Both inns are well-placed and welcoming, and place a high premium on able, intelligent staff.

A waiter at the Northwick, for example, noticing a toddler clambering with effort onto a "proper" chair, conjured a highchair at lightning speed and—even more impressive—cajoled the little boy into sitting in it for a "proper" breakfast.

County chic, now in diesel

Stuart Marshall finds the turbo diesel version of the Range Rover lacks the punch of the V8, but offers much improved fuel economy



The Range Rover Turbo D: expensive, unrefined at low speeds and needs updating

MANY Range Rover users, fed up with its dipsomaniacal thirst for petrol, urged Land Rover to introduce a diesel version. There were, it is true, some conversions, but it did not make much sense to spend upwards of £15,000 on a car and then sell the original V8 at a distress price so it could be replaced by a fuel-efficient diesel.

Eventually, Land Rover gave in and earlier this year introduced the Range Rover Turbo D, powered by a 2.4 litre, four-cylinder VM engine from Italy similar to that fitted to the Rover 2400 TD saloon. This was a great car on the motorway but noisy enough at start up and in traffic to give all executive-type diesel cars a bad name.

I can only give the Range Rover Turbo D two cheers because it is cast in a similar mould.

First thing in the morning it is very dieselly indeed, starting with a throb and a clatter that is heard and felt. Around town, or if you are driving through hilly country lanes, it feels lethargic because it is only when the turbocharger starts to force-feed the engine with air at 2,500 rpm that it comes alive.

At low speeds the diesel disadvantages show. If you try to let it pull hard at low revolutions, which most diesels are good at, the exhaust system shudders noisily.

Once on the open road, everything changes. At 45 mph and over, the engine runs smoothly and feels energetic until at a 70-75 mph motorway cruise, it is hard to tell the diesel from a V8 petrol Range Rover.

The combination of wind roar, tyre hum and transmission whine is enough to drown the diesel's baritone hum. Off the road, where remarkably few Range Rovers seem to spend much time, one misses the V8's enormous pulling power at little more than tick-over speed.

Anyone who buys a Range Rover Turbo D in Britain to cover 30,000 or more miles each year, mainly on the road, will be delighted with its fuel economy. The claimed 35 mpg in average use sounds optimistic to me, but I managed about 30 mpg during two weeks — I cannot be more exact because the tank leaked when nearly full. That means a safe refuelling range of 400 miles, which would be a totally new experience for any V8 Range Rover owner.

The official fuel consumption figures (the petrol V8 is given in brackets) are: urban cycle 25.5 mpg (15.4 mpg), steady 56 mph 34.1 mpg (27.2 mpg), and steady 75 mph 24.4 mpg (20.9 mpg). These do not tell the full story because the official figures are taken with an engine at working temperature. Many short runs start with a cold engine and a Range Rover's V8 on a bitter morning may be delivering single-figure mpg for the first mile or two. A diesel's fuel economy is little affected by warm-up.

At £18,109 list price the Range Rover Turbo D is about £1,200 dearer than the normal four-door with a carburetted V8 petrol engine, but £1,300 cheaper than the very luxurious Vogue EFi with fuel injection.

It will not be a big seller in Britain nor was it intended to be. It is just too expensive to appeal to buyers who rate high mpg figures a priority. But on mainland Europe the Turbo D is already doing well. You can see why. In France diesel is around £1.55 per gallon against £2.20 for premium petrol; in Italy the difference is greater still. Asuming 17 mpg for the V8, 30 mpg for the Turbo D, fuel costs for a 1,000-mile round trip in France would be about £51 for the diesel, £129 for the V8.

One has to say that all the economy advantages are also obtainable by choosing, say, a Mitsubishi Shogun turbo-diesel estate. It costs almost £5,000 less than the Range Rover Turbo D and I find it as good or nicer to drive on the road, not least because it is more refined at low speeds and has a lighter gearbox and clutch.

Off-road, it is no match for a Range Rover in extreme conditions—but who takes £18,000 worth of very nicely furnished car through axle-deep mud or up mountainsides? None of my Range Rover-owning friends does. They use them for commuting, shopping, holidays or for towing a two-horse trailer, and feel quite adventurous if they drive it into a soggy paddock.

If you really need to cross deserts or plunge into muddy plantations in great comfort, the Range Rover, petrol or diesel, is a marvellous vehicle. But as a car?

The Range Rover's high seating position gives a safe and commanding view of the road and the great velvety thrones are as comfortable as club armchairs. Its permanent four-wheel drive gives excellent roadholding in the wet, and the ride is pretty good, though you can feel the heavy axles moving about on their soft coil springs.

For social status the Range Rover is unmatched in the 4x4 market. I find it paradoxical, to say the least, that so many owners never use the off-road capability that has been so expensively built into it.

Good though it is, the Range Rover could do with some detailed updating. For example, the hinges on the bonnet top would be more appropriate to an outside lavatory door than on what is perceived as a luxury car.

The gearchange is heavy, especially when selecting reverse, which is embarrassingly close to first in the narrow gate. Although the driving position is excellent, a tall person's knee rests on the door handle and that is not amusing on a long journey. The transmission noise —a combination of gear whine from the transfer box and a chattering from the main gear lever — is quite out of place on an £18,000 car.

Country Property

• PROPERTY •

John Brennan zips through the post codes

Properly addressed

BERTIE WOOSTER and his fellow Drones Club members needed maps if they ever strayed outside London W1. Sloane Rangers, according to their keen observers, Ann Barr and Peter York, head for flat shares in SW1, 3, 5, 6, 7, 10 or 11, with a strong preference for SW7. Any Sloanes found living outside the Knightsbridge, Chelsea, South Kensington, Fulham corral are, presumably, asked to hand in their green wellies.

Evelyn Waugh is reputed to have posted his letters in another postal district to improve the cut of his correspondence. And EC post-coded accommodation addresses thrive because they provide back-street finance houses with a little City style.

Post codes then—once you discard the eccentric idea put about by the Post Office that they should be expanded to look like anagrams—are really measures of social style.

But which post codes should be proudly emblazoned on your headed notepaper, which shuffled with embarrassment into an unobtrusive corner, and which would instantly force even close members of the family to strike you from their Christmas Card lists?

Exhaustive research into the subject reveals one curious fact. House agents in all parts of London, and throughout the country, seem convinced that their own sales area is either in, or just about to join, the socially acceptable codes.

This puzzling phenomenon is further complicated by the discovery that post codes in the residential property market seem to cover far larger areas than their Post Office counterparts.

N1, for instance, was once a code that would have helped a letter on its way towards Islington. Now it is used in estate agents' advertisements to cover so much of North-East London that new owners deep in the Hackney marshes are probably still waiting for replies to their letters and wondering at the bills which appear with curious post-codes prefixed by "E."

Not that the "E"s are totally out of court. Dockland penthouses and warehouse conversions have created a sufficient beachead east of the City to have given an E1 code the benefit of the doubt, just as London Field's progressive revival has done wonders for E8 and renovations around Victoria Park are putting E9 back on the social map.

You do, however, still need a "W" in your address to live in a totally acceptable part of town.

On that basis W1—Mayfair, and SW1—Belgravia, ought to come top of the post code lists. But fickle fashion, and far from fashionable prices, have largely quashed the opportunities for those who would fully appreciate having a W1 or SW1 code atop their letters. As Terry Bousefield of Hampton & Son says: "Personally, I'd say that Mayfair isn't the most popular residential location, there are so many offices."

Having handed the prime codes to office users, and to people who might mistake these cherished relics of snobbery for something as pragmatic as a zip code, the socially aware home buyer is faced with some tough decisions. It is not, you see, safe to assume that you will be granted Yuppy, Guppy, or even Puppy (as in "Pretentiously upwardly . . .") status simply by buying a property in the lowest numbered "W" code area you can afford.

To save embarrassment all around it is time to reveal the FT Weekend league table of socially acceptable addresses.

W1 and SW1, as we have seen, lie in a separate, super league where, unless you are sufficiently badly dressed to be taken for a seriously rich person, there is the risk of being viewed as someone who sleeps on the office floor.

SW7—Kensington—rates pole position in the view of most agents. SW3—Chelsea—had similar undisputed support for second place. But after that the problems start.

SW10, the Fulham, Chelsea area, and SW6, Fulham proper, vie for third and fourth slots with W8 (around Kensington High Street) and W11 (Holland Park and Notting Hill). They are all top rankers, but the running order is rather blurred.

It is at this point that some of the agents make a break for the newly fashionable areas South of the Thames. SW11, Battersea, gets strong agent support helped along by rumours that the power station's chimneys may be less sturdy than they look. That has encouraged the locals to think that the cherished landmark housing a theme park, and drawing tens of thousands of triple parked cars into their gentrified streets, may not materialise.

SW4, Clapham, and SW9, which includes the up-and-coming parts of Stockwell, are broadly accepted as "in" areas by those who have overcome the feeling that living South of the river is something not to be mentioned in polite society. SW8, a seemingly inoffensive enough post code, has, it seems, none of the style of its neighbours. It harbours the new Covent Garden and an associated weave of major roads, thereby losing its place in the league.

SW18, Wandsworth, won many votes as a contender in the second division for suitable codes. But the weight of voting takes us due west of the centre of London, back north of the river towards W14—West Kensington—and out along the Central Line tube to W12 (Shepherd's Bush) and even as far as W6 (Hammersmith).

In the second division it pays to be careful about the specific location, because one street on the wrong side of the latest fashion area can leave you without the Right Address.

Bousefield puts a convincing case for including W2, parts of Paddington, and W9, Little Venice, on the list. And a number of agents who operate north of Regent's Park, still a dividing line that quite a few people are nervous of crossing for fear of finding a poet, or a new minted millionaire as a neighbour, urge the addition of NW8 (St John's Wood) and NW3 (Hampstead) in any round-up of safe codes.

It is tempting to include them, but hard not to imagine that Wooster and his friends would have had to pack an overnight bag before attempting to travel that far out of town. In the interests of accuracy, then, it is probably safer to regard the Park as the northern border of civilised town living, and treat the NW's as "country."

Shire counties provide a safe basis for applying the post code test to country properties. This is well illustrated by the fact that Somerset and Dorset houses tend to be sold as "close to the Wiltshire border," even when "close" could only be justified by light aircraft standards.

Luckily for those who yearn for a country house but dare not risk the embarrassment of living in a non-Shire county, politics and demography are on their side. It can only be a matter of time before someone puts the increase in the proportion of voters in the South East alongside the past evidence of Shire counties' support for the Conservative Party.

Some future Conservative government is bound to take the logical step of renaming those counties that fail to make the grade at the moment. Suffolkshire, Essexshire, Kentshire—the Shirisation of the South East would certainly make the country house market a great deal easier to fathom for the address-conscious buyer.

Shaking the foundations of the home-buying business

Househunters from the Pru

WHEN an actuary gets to look closely at the estate agency business, he could be forgiven for throwing up his hands in despair. The pleasures of a finely-honed discounted cash flow, and the exotic symbolism of forward projected earnings curves, tend to be hidden from the average house salesman. So one might expect some signs of culture shock when actuarily-trained Graham Clay, managing director of Prudential Property Services, settles down to choose which agents he wants to add to the Pru's national network.

In fact, Clay appears to have entered into the spirit of the job, revealing an entrepreneurial flair not normally regarded as part of the actuary's style. It took him just five weeks from first lunch to signing the papers to add Chestertons' 10 central London offices to the Pru's growing national network. As he says: "It all started with conversation at lunch. A couple of weeks later that was followed up, and everything was sorted out from there."

If the 188 offices Clay has signed already under the Pru's banner can sell houses as fast as he can buy agencies, the group will certainly be breaking new ground. But then, he is a cash buyer, and it is a buyer's market. "Agents are not exactly forming a queue at our Holborn office," he laughs, "but, yes, we do have quite a number of approaches."

Since it started buying last June, the Pru has acquired nine firms of house agents. But with a target of 500 offices across the country and increasing competition for the larger multi-office partnerships, the next few hundred outlets for a Prudential house sales and financial cross-selling package may not be as straightforward. As Clay says: "The hunting season is open."

Hambro Countryside now leads the field with a bag of 385 agents' offices. Having downed 100 offices at one shot by buying a minority stake in William H. Brown, Royal Insurance has taken its total of owned or tied agents' offices up to 284. Lloyds Bank, first in the field with its Black Horse network, now ranks third on the score card with 243 offices. The building societies are loading up with their new powers, and will be in the field at the beginning of next year, so the highly-fragmented estate agency business, with its 11,000 or so outlets and close to 8,000 individual firms, is in the pleasant position of being besieged by gentlemen with cheque books.

What makes the Pru's purchase of 100 per cent of Chestertons stand out in the midst of all this acquisitive effort is that it is the first foray for one of the new national networks into the high-price, high-commission territory of central London.

None of the other bank or insurance company buyers has yet moved into the central London market although it is understood that talks are in progress on at least two inner London agency acquistions.

Established central London firms talk of their fears of finding themselves in competition with offices backed by a financial institution able to carve out a bigger market share by cutting commissions. A commission price war in the high cost areas of inner London would certainly have plenty of early victims. Office and staff costs are such that the 2.5 to 3 per cent commission still available in the core areas of London, and the country house market—even though they do stand in stark contrast to the 1.5 per cent or lower commission charges in the provinces—only just stretch to cover the costs of the business (and if those costs do stretch to a partner's Porsche or two, one might charitably discount that as part of the costs of keeping up the firm's image).

The big question for the agents, then, is: will Graham Clay start bringing London commissions into line with national charges?

They can relax. "I'd have thought," he says, "that it is the one part of the country where commissions are at a relatively satisfactory level." Far from price-cutting, Clay thinks it is about time that home-sellers started to pay a proper rate for a proper service, adding: "Selling your major asset calls for good professional service and that is not cheap to provide." Far from cutting London commission levels, he would like to see agents' fees across the country rising.

J.B.

Rentals

Overseas Property

London Property

Fair weather for beasts

David Lawson reports on the strange species known as gazumpers

A STRANGE species was discovered in our towns and cities a little over a decade ago. Its rare appearances since then have always proved a sign of great prosperity and usually good weather. Yet each sighting brings calls to exterminate the beast. The gazumper is a much maligned and misunderstood animal.

To gazump is to swindle, according to the Concise Oxford Dictionary—raising the price of a house after accepting an offer. That means that with rising incomes and good house-buying weather creating markets such as today's (at least in the south), almost every seller faces the choice of being labelled a swindler or throwing away thousands of pounds.

The house selling system in the UK is so slow and prices rise so fast that after months of bureaucracy, much higher offers often arrive to match the increased value of the property. The seller is on a hiding to nothing. To rub salt into the wound, far more buyers drop out of deals than sellers (or try to reduce down prices at the last minute) and no insulting name has been invented for them.

The Law Commission, set up to look into conveyancing after a lot of fuss in Parliament and finding itself with nothing much else to do, has decided to kick around a few ideas which could finally eradicate the gazumper.

One could be for both buyer and seller to put down a deposit of, say, half a per cent of the purchase price. A gazumper would lose that much of the profit through pulling out and the buyer would be compensated.

The seller would also be compensated for buyers who dropped out, while the buyer would have the protection of withdrawal if a survey proved the property unsuitable to the mortgage lender.

"It is an interesting suggestion which merits a trial," says Peter Short of the Royal Institution of Chartered Surveyors, the professional body representing many of the UK's agents. They are getting fed up with being blamed for gazumping and want a way out.

Agents of all societies and backgrounds feel caught in a problem not of their making. They have a duty to report higher offers to clients but then have to break the news to the buyer already accepted—and face abuse.

Some toy with the alternative of emulating the Scottish system of making offers legally binding. But this also has its drawbacks, often involving the expense of preparatory work on several houses where the offer is not accepted.

But most believe there is no need for legal changes, just a speed up of the buying process.

"The longer the time between the agreement and the signing of the contract, the more time for prices to rise and the temptation for the seller to take advantage," Mr Short says. The Scots system worked well because the contract was signed much more quickly and there was more use of bridging finance and extended completion dates.

He says that buyers in England and Wales should be more willing to sign contracts before selling their own homes. The cost of using bridging finance should be balanced against the extra price that might be demanded by a gazumper.

There are cheaper ways of speeding the system, however. Contracts can be prepared and local authority planning searches set in motion before offers are accepted, while potential buyers can nowadays take along certificates from mortgage lenders proving their worth rather than waiting to sort things out later.

Agents are not keen on the idea of a seller having a survey ready for buyers as another way of saving time, however, because many feel this leaves the door open to suppression of unfavourable reports. But at least it could be a way of determining what may be found wrong in any buyer's inspection and possibly hold up the sale.

Simply a steal

Wickhurst . . . perfect for golf, sailing and the beach.

IT IS a reflection of the cost of family-sized country houses within reasonable striking distance of London that those with six bedrooms or more for under £250,000 are beginning to look comparatively cheap. Two houses being sold by Strutt & Parker's Canterbury office (0227 45123) at the moment fall into that category.

Wickhurst, on the private Sandwich Bay estate in Kent, is a 1920s' Dutch-style house in half an acre of ground with five main bedrooms and a self-contained guest suite with another three. The house stands next to the Royal St Georges golf course, and isn't too far from the Princes golf club. The estate has its own sailing club, and the house is a short walk from miles of beach. It is on offer for around £220,000.

A mere £5,000 more would cover the asking price of Ian Holm's six-bedroom Wassall House. The actor and his family have a swimming pool and tennis court in the garden, four acres of paddock, and a period barn that agents say cautiously might be converted into a secondary house if the planners agreed. Wassall is an old hunting lodge, built in the 18th century but modernised by Georgian builders and successive owners ever since.

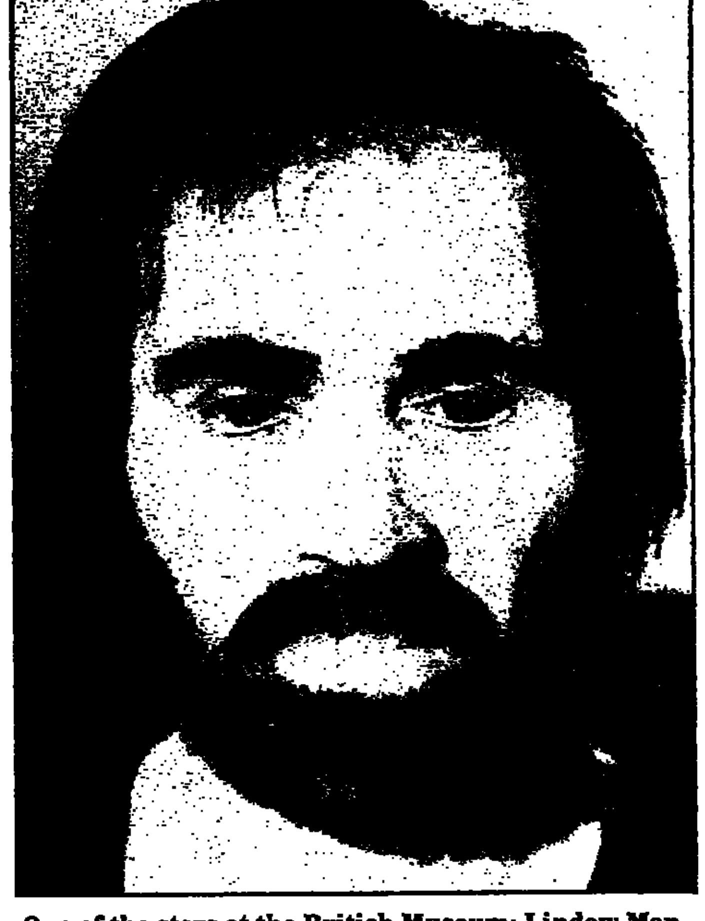
Country house prices in Kent are still rather lower, room for room, than in more accessible neighbouring counties to the west. But road improvements and the electrification of the rail lines have been drawing in the buyers and prices have been moving fairly steadily upwards in the past 18 months.

John Brennan

London Property

Gerald Cadogan examines the state of British archaeology as highlighted in a very important London exhibition

In search of our ancestors



One of the stars at the British Museum: Lindow Man, found in a Cheshire peat bog in 1984. This reconstruction shows how he probably looked.

FOLLOWING the dramatic advances over the past 40 years, a new age has dawned for British archaeology. As a result, the British Museum's most important exhibition of the year is devoted to Britain and its archaeology. It offers silver and gold and other treasure. But the point about Archaeology in Britain: New Views of the Past (which runs until February 15) is that it shows how much we have learned, since the Second World War, about 10,000 years of our history—that is, from BC 8,000 to 1,600 AD, from the Middle Stone Age to the Tudors.

Archaeology has a rigour now which was not always there. It has been encouraged by the application of many different scientific techniques. Post-excavation work is far more demanding, thorough and costly, taking three-quarters of English Heritage's £4m budget for rescue work. "Rescue archaeology" has become a regular event, even in commercial developers' work. And there are many more excavations, often on a large scale, designed to show how people were living, not just the dry record of who succeeded whom at this place or that.

Since World War II, the results from chance finds and research and rescue excavations have been spectacular. Professor Barry Cunliffe's Danebury dig, in Hampshire, for instance, is an open-plan excavation which has revealed long-distance trading links with Europe in the last years of pre-Roman Britain. His work at Fishbourne, near Chichester, began as a rescue dig—and a Roman palace was waiting there.

Mediaeval archaeology has raced ahead, especially with the study of towns and deserted villages. Industrial archaeology—studying the monuments of technology and particularly of the Industrial Revolution—as well as under-water archaeology, are altogether new. And radio-carbon dating has revolutionised our knowledge of the antiquity of man and human settlement, as much in this country as in Iraq, Turkey, or the Balkans.

The greatest change may be that we are just beginning to learn about the environment—what the landscape was like when our forebears lived. What were the wild and domestic plants and animals? How fertile was the country? How easy was it to get around? On foot or by water?

The answers are coming from unexpected quarters, with Orkney, Dartmoor and the wetlands, where digging, field-walking and air photography (a technique pioneered in the 1920s, which has been an immense help to archaeology since) all contribute. Geologists and geomorphologists share in reconstructuring the ancient landscape, and palaeobotanists and zoologists say what was in it, recovering, for example, the evidence of fats lurking still in crevices in a cooking pot, which may need an expert in gas chromatography. If there are seed impressions, latex is poured in to get the shapes and so identify them.

It has become clear that Britain had many more ancient Britons than we used to think. Orkney is the surprise. It has more important archaeological monuments except Salisbury Plain. Study of the surroundings will help explain why the people were there. For Mesolithic hunter-gatherers, for instance, the sea had to be an important source of foods. Similarly, Dartmoor is now seen to have been rich in farms, prehistoric and mediaeval (a surprising contrast with today), while throughout the country the study of deserted mediaeval villages has revealed a great deal.

It seems that it was not just the Black Death that led to their being abandoned, but that economic forces played a part, too.

The wetlands that have been studied most are the Somerset Levels and the Fens of East Anglia. It is an urgent business, as they are being drained fast and quarried for peat or gravel—in Britain, water and bog are still the best preservative of seeds, pollen, wood, leather, and anything else organic.

It has taken time to digest the importance of being "Wet" in prehistory, which is odd, as archaeologists have been looking at Swiss lake dwelling since 1854. One of the sadder features here is British insularity; intellectual fog cuts off the Continent. The Wet view corrects the old Dry love of chalk which, helped by writers like Hilaire Belloc, saw the Downs as the essence of early Britain—a powerful feeling, of course picked up in the pictures of Paul Nash. The long barrows and round barrows and Stonehenge and Avebury and hillforts seem the kernel of it all, where people lived a somehow more heroic and open life, but it is a romantic view and probably not quite true. In the emotional stakes it is surely just as exciting to see the plank walls of the Viking houses of York preserved by the mud, or to come face to face with Lindow Man, found in a peat bog in Cheshire. (He is on display at the BM.) Both are excellent examples of how much is waiting to be found with the help of forensic techniques.

The reverse side of insularity is the strength of our local—and still strongly amateur—tradition. We are rich in the particular, as a nation, and keen to cultivate our own archaeology allotments. The heyday of the amateurs was pre-war, when there was often excellent work of truly professional standards.

Doing it well has to be a prerequisite for tackling any monument. If you are going to do it badly, do not do it, for there will be others willing and able. My first dig was with professional amateurs, on the South Downs near Ditchling Beacon under George Holleyman, the antiquarian bookseller of Brighton, who is part of a great amateur tradition in Sussex. From Hampshire, Heywood Sumner's work is now displayed at the Cheltenham Art Gallery, while in Wiltshire, J. F. S. Stone, a scientist at Porton Down, was one of the first to bring science to archaeology. He started the chemical analysis of faience beads with a view to determining their provenance, though it is a problem that is still to be resolved.

Personally I welcome amateurs if their standards are professional. I have found that anybody of intelligence can excavate, if they will learn the system and are keen to get beyond that to the three-dimensional logic of unravelling our forebears. That is where the fun is. Any archaelogist must be a bit of a maniac, or at least a zealot, and a true lover of the subject. For this reason it is short-sighted and rude to despise "amateurs" as such.

Of the professionals, the lucky ones who have jobs are mostly in local rescue units, some are in museums, and some in universities and their extra-mural departments, where archaeology is a strong subject combining science and the humanities and using practical ways of assembling history.

On the other hand, Britain has no government antiquities service, as they do in the Mediterranean and near East. If there were one, it would have the difficult task of marshalling the amateurs. The nearest thing in England is the Historic Buildings and Monuments Commission (self-baptised English Heritage), which is a charitable quango. Nor does anybody issue excavation licences, unless the site is a scheduled ancient monument, when English Heritage does. Finds do not belong automatically to the state but to the owner of the land, unless a coroner's inquest declares treasure trove.

Add in the local societies, and even private individuals, and one sees why a recent report by the archaeology committee of the Science and Engineering Research Council (SERC) describes the structure of British archaeology as "chaotic." As so often, the problems begin and end with money. SERC gives money for developing new techniques, but does not like to fund routine applications of them once they have been discovered, which SERC thinks should be part of the excavation budgets. Fair enough, but where does the money come from? There are grants available, and there are appeals, but the allotted amounts are often not enough. As a result there is reliance on the goodwill of scientists to work on the site, or on graduate students in need of a thesis.

If there are fewer full-time amateurs now, there is far more for the public as a whole; 1.8m visitors have been to see the "Vikings" at York in just two years, and thousands go to Stonehenge in a vote with the feet. On television, archaeology has been a steady favourite, having progressed from Animal, Vegetable or Mineral? to detailed accounts of how the excavations at Danebury are quite changing our view of what happened inside Iron Age hillforts, which are now seen more as centres of the economy than military strongholds. In fact they were both.

Archaeology needs this support and interest, which spur the politicians to pass acts to protect monuments and to vote money. But there is a danger that it may be too much of a good thing. An excess of people wears down the monuments on England's mountains green, and I expect there may have to be restrictions on access to some, as the National Trust has for the gardens at Sissinghurst. Another danger lies in making museum presentation too trivial. It is the archaeologists' job to educate. Entertainment is a good way to put the subject over, but the objects and buildings and the ancient landscape must come first. If there are too many photographs from Rome to explain Roman Britain, or too many yokels dressed in smocks at farm and country life museums, it may all become a joke by turning the past into something quaint.

The BM exhibition is about the visible, even if we may not touch. The show had been in the offing for some time, but it was decided to hold it in 1986 to coincide with the 11th Congress of the International Union of Prehistoric and Protohistoric Sciences (UISPP), which was to have been held in Southampton in September. But the congress is now to be in Mainz in 1987 (which has not affected the BM's plans). This was the result of a row about whether South African archaeologists should attend when there would also be many from the Third World.

After a protest campaign, the South Africans were dis-invited, despite the policy the UISPP declared in 1936, that scholars should be able to come from anywhere.

The decison to take the congress to Mainz—there will still be a rump affair in Southampton—was the best way out of a sorry story, the important truth being that archaeology is so often a strong (and sometimes the only), intellectual defence against racist lunacy.

The BM exhibition points out forcefully that archaeology is an inductive discipline about things (humans, fauna, flora, objects) in settings (settlements, cemeteries, landscapes). Together they make up culture—an impersonal concept but often as far as we can get. Changes of culture reflect, and are the clues to, changes in society. We have to start with the premise that there is much we do not know and cannot explain, from which we often find that we know more than we thought we did.

New finds either confirm a theory or, if they do not fit, will change it. For example, the find in 1984 of three third-century BC chariot burials at Wetwang Slack in Humberside, with two men with sword and shield and a woman with dress pin, iron mirror and elaborate bronze box, is exciting in itself and for what it says about Yorkshire gentry then.

The progress of technology is shown by a display of mediaeval water and wind mills, and the growth of mediaeval towns by studies of Winchester and Hereford, where what happened in the past still affects us. Much of this is staple work, slowly putting together the pieces in different jigsaws which give different pictures of our forebears. Whether expressed in terms of health, wealth, settlement size, farming, luxuries or what you will, archaeologists have to explain at any site or for any culture what was happening in as many ways as they can, which must all cohere.

A recent find that yields something quite new is the wooden tablet from Vindolanda (Chesterholm, by Hadrian's Wall) with a quotation from Virgil. Other tablets are documents and letters. As a result, Rome comes a little closer, though it does seem far away when you are standing on the Wall, for you do not grasp easily that you are at the edge of an empire that stretched to the Euphrates.

Also in the exhibition is the Walter Newton Treasure of the 4th century which, surprisingly, is the oldest group of Christian plate in the empire, found by chance in 1975; while the Thetford Treasure, of about 380-390, shows old pagan religion (here the god Faunus) still going strong, despite the adoption of Christianity as the official religion by Constantine in 312. In fact, our understanding of the Christian conversion of England has been quite altered by post-war finds. Fourth century villas with Christian symbols on wall paintings or in mosaics give body to historical references to Christianity 250 years before St Augustine arrived.

This hopping and skipping, if traditional, is not what many archaeologists favour today. The new buzz-words are "systems" and "models." The approach is deductive and theoretical, which is fine in the library or classroom, but difficult to substantiate in the field or museum when you are confronted with a level or an object and have to determine what it is. Much of all this derives from the south-west United States, where, with not many finds, theory flourishes.

Archaeology in Brit'an is about the results of direct observation, whether by tractor drivers finding Iron Age gold neck rings in East Anglia or the microscopic analysis of what Lindow Man had in his stomach. Much of the exhibition is from the BM's own collections, which is as it should be.

From time to time there are demands for a National Museum of Antiquities which would take the British departments out of the British Museum. Yet at present—side by side with the Greek and Roman, Egyptian, and Western Asiatic displays—they can be appreciated for what they are, by themselves and in comparison. On this basis, early Britain holds up well against the Parthenon and Nineveh a few galleries away. As long as all are kept together, there is no danger of British insularity in Bloomsbury.

Students make notes about a glazed 13th century jug shaped like a woman, another of the exhibits at the museum.

Max Ernst . . . an oil portrait by Leonora Carrington now in a US collection

Nicholas Woodsworth on the Surrealists of wartime France

The Marseilles connection

A RATHER expensive coffee-table size book is on sale in the bookshops of Marseilles. Strong on photos and short on text, its images immediately evoke an odd feeling of *deja vu*. It takes some time, though, to identify the memory that these stark black and white pictures of black pre-war Citroens, soldiers in odd, ridged helmets, and crowded, casbah-like streets, bring to mind, not an event, but a film.

It is 1941. Paris has fallen. Half of France is under the rule of the Nazis and the other half is controlled by the collaborationist government of Marechal Petain. In a southern port city, far from the occupied capital, thousands of distraught refugees from all over Europe crowd French government offices and foreign consulates, begging in vain for the travel documents that will allow them to flee the Nazis and find refuge in America. Some, because of their anti-Nazi activities, are being systematically hunted down by the police. Others face extermination simply because they are Jews.

Caught in a world of mistrust, corruption, betrayal and despair, the people captured in the photos reveal the same desperation as those seen in the film; all are frantic to escape. And who are the principal characters in this perilous cloak-and-dagger setting? Surely somewhere in these anxious crowds and refugee-choked hotels Humphrey Bogart must be lurking.

It is only in the cast that the book, *Marseille - New York*, departs from the scenario dreamed up by Hollywood. There is no Bogart here, no Ingrid Bergman, no one sweetly crooning "As Time Goes By" while the cameras whir. The story is a real one, and it took place not in Casablanca, but in Marseilles. As a story it is more than real; it is surreal, for against the backdrop of a city usually regarded as the domain of smugglers, gangsters and prostitutes, the players were the leading figures of Surrealism, that iconoclastic and sometimes outrageous movement that dominated European creative thought in the 1920s and 30s.

Not only were these writers, painters, poets and musicians devoted to changing art and social attitudes toward it; they were equally concerned with changing society itself, and had since the early 20s actively flirted with the politics of the left. The Surrealists had fiercely challenged the fascist slogan, "Labour, Family, State" with their own, "Revolution, freedom, creative change." Hence the special reprobation they invited from the Nazis; the danger, the intrigue, the Casablanca-like world they inhabited in Marseilles while awaiting escape.

Alter names and places. For "Rick's Cafe" of Casablanca substitute "Au bruleur de loups," a leftist cafe near Marseilles' Old Port. Replace the love affair between Bogart and Bergman with another between Max Ernst, the painter, and Peggy Guggenheim, American socialite, heiress, and art collector. In the place of Sam the piano player put Pablo Casals, cellist. To the large cast of Surrealists who had fled to Marseilles — Andre Breton, Max Ernst, Marcel Duchamp and Andre Masson are among the better known — add the names of other non-Surrealist celebrities who became their fellow-refugees and daily companions in this capital of exiles. Andre Gide, Claude Levi-Strauss, Victor Serge, Robert Laffont, Paul Valery, Anna Seghers were among them.

From the moment they arrived in Marseilles the Surrealists were obliged to turn to each other for friendship, aid, and security. This in itself was unusual, for they were a highly disparate, uncohesive, and argumentative group of individuals. Andre Breton, the group's leader and foremost writer had, for example, broken with Salvador Dali, its best known painter, over Dali's commercialisation of Surrealism, and renamed him anagramatically as "Avida Dollars."

But these were extraordinary times. Petain had become a cult figure for the majority; the extreme right was firmly entrenched in power behind him and wreaking a brutal revenge upon supporters of the pre-war socialist Popular Front government. Almost daily, laws affecting the freedom of speech, assembly, and movement grew tighter. Arrests and round-ups were frequent. People disappeared. In the days prior to an official visit to Marseilles by the Marechal more than 20,000 suspected leftists were arrested and jailed. For those in disfavour with the authorities, it was at times unsafe to be out in the streets. Scattered throughout the city in cheap hotels that had become ridiculously expensive, living in the shadow of a concentration camp only 20 miles away, and faced with bureaucratic red tape that made departure from France almost impossible, the Surrealists found their only consolation in the hours they spent together in the "Au bruleurs de loups."

Towards the end of 1940 Varian Fry, a 35-year-old American, was sent to Marseilles to represent the Emergency Rescue Committee, an organisation that had been hastily formed under the patronage of Eleanor Roosevelt. Fry was charged with getting a maximum number of anti-Nazi intellectuals and politicians out of Europe and to America before it was too late. Armed with funds and American entry visas, Fry was able to organise a number of successful escapes to Lisbon. But as the winter drew on and Vichy control tightened, Fry found himself more and more occupied with fighting for legal sea departures from Marseilles, and with doling-out subsistence allocations to the poorest of his charges. In this he was aided by Peggy Guggenheim, who left her art collecting activities in Geneva to come and help.

The Surrealists soon found a haven at Fry's headquarters at Air-Bel, a large villa not far from the centre of Marseilles. Breton and the revolutionary Victor Serge installed themselves there with their families, and before long Air-Bel became the regular rendez-vous.

At Montredon, the enormous Marseilles estate owned by the wealthy Noilly-Prat heiress, Countess Pastre, the Surrealists came into contact with other members of the intellectual world. Countess Pastre united around her those who suffered under Fascist rule. Breton and company met figures like black singer Josephine Baker, composer, Darius Milhaud, actor Jean-Louis Barrault, and the Jewish militant and present day politician, Simone Veil. Here again the effort centred on improving the lot of exiles through raising funds. There was a lavish outdoor production of "A Midsummer Night's Dream" produced exclusively by Jewish actors, musicians and set designers who had been rendered unemployable by Vichy laws.

At the end of August 1941, Fry was expelled from France. In November the Germans entered Marseilles. But by the time he left, Fry had eased the entry of 15,000 refugees into Marseilles, and had made weekly financial allocations to more than 500 of the most deserving among them. He had managed the departure from France of more than 1,000 refugees, all of whom had been in real danger in Marseilles.

Breton, Serge, and their families sailed in March of 1941, leaving for Martinique on the same ship as Claude Levi-Strauss; Andre Masson, Marcel Duchamp and the others left in the following months. The voyages on the tramp steamers were nightmares of crowded and unventilated cargo holds, insufficient food, and inadequate washing and toilet facilities. In Martinique they were interned and abused by the Vichy authorities, who saw them as Jewish and Anarchist riffraff. Eventually, however, most of them managed to make their way to New York.

The last major Surrealist to get out was Max Ernst. Peggy Guggenheim came to the rescue. Meeting Ernst in a black-market restaurant on the Old Port, she not only purchased a large number of his works for the relatively tiny sum of $2,000, but also developed an immediate attachment to him that was more than intellectual. She waited in Marseilles until he was able to leave, and accompanied him to New York where they married.

An entire intellectual movement was transplanted from the choked and narrow streets of an ancient Mediterranean port to the high-rise towers of New York. In borrowed Manhattan studios, apartments, and in the newly set up Peggy Guggenheim Museum Surrealism lived on. Dali, Ernst, Masson, and Duchamp exhibited. Breton wrote, lectured, and compiled the classic Guggenheim catalogue, "Art of this Century." But Surrealism never put down deep roots in the soil of modern American art, and was soon crowded out by the more vigorous growth of the abstract impressionism of Rothko and Pollock. That time of despair in Marseilles had been its last great Happening.

Collecting

How manners were minded

FROM ABOUT the time that Queen Victoria came to the throne, we can date the proliferation of books of instruction for behaviour in polite society. These manuals of etiquette, which outlasted the 19th century and the First World War, and still lingered at the start of the Second, are a neglected no-man's-land of book collecting. There appears to be no bibliography of them; and indeed to produce one would be a thankless task, since the works are generally anonymous: the "Members of the Aristocracy" and "Ladies of Rank" who wrote them would no doubt have found it utterly ill-bred to attach their names to printed matter.

Yet these little books ought not to be ignored or dismissed as the frivolities of an under-employed class. Rather, they provide a unique index to dramatic change in English social structure.

The 19th-century books of etiquette trace their descent from manuals of chivalry and manners that date back to classical times, but they fulfilled a very specific and contemporary social purpose. The earliest of them date from the 1830s, a period when the rapid industrialisation of Britain was creating a new class whose wealth and power far surpassed the older established merchant class, and seriously challenged the traditional aristocratic establishment.

A shrewd Victorian observer of social change, Lady Dorothy Nevil, wrote that Society at first, "aspired towards absorbing the newcomers into their own class, and thus still retaining social power under the new conditions which were beginning to prevail." Etiquette was not just a barrier to keep the new people out, but a code which, once it was mastered, would let them in.

"In a mercantile country like England," says an 1836 volume of *Hints on Etiquette and the Usages of Society*, "people are continually rising in the world. . . . But although their capacities for enjoyment increase, it rarely happens that the polish of their manners keeps pace with the rapidity of their advancement. . . . It is hoped that the following remarks will furnish a guide through the intricacies of conventional usage.

"Etiquette is the barrier which society draws around itself as a protection against offences . . . it is a shield against the intrusion of the impertinent, the improper, and the vulgar." Hence the central principle of the code was a strict regulation of the means of social access. The formality of introductions was rigorous. "There are many reasons why people ought never to be introduced to the acquaintance of each other, without the consent of each party previously obtained."

For either sex it was an intolerable familiarity to address or even nod to another person without a prior introduction. Even when an introduction was deemed in order, it had to be effected by the prescribed rules, and according to precedence—the commoner was presented to the ennobled, the man to the lady, the single woman to the married.

The formalities of introductions, invitations and visits were meticulously codified. The ritual of leaving visiting cards was far more elaborate than the Japanese tea ceremony. The size and form of the card, what might be printed and what might be pencilled upon it, the day and time for leaving, even the dialogue between coachman and footman were precisely laid down. Cards were left by ladies (on behalf of themselves and their husbands) or bachelors; three cards might be obligatory, two for the gentleman and one for the lady. A corner bent down indicated respects to other ladies staying in the house.

As the century wore on, the rituals became progressively more elaborate—the threats to the bastions of Society were increasing. A manual published by Warnes in the 1870s has twenty pages of minute instructions on leaving cards alone. Intense expertise was required to avoid the kind of solecism which would result in social ostracism, for society's punishments for inadequacy—the rites of cutting and snubbing—were merciless.

Queen Victoria . . . her reign inspired a rash of books on etiquette.

The etiquette books laid down the rules of Good Society for every occasion: Calling, Drawing Rooms, Levees, Breakfasts, Dinners, Balls, 5 o'clock Teas, Garden Parties, At Homes, Receptions, Hunting, Shooting, Walking, Riding and Driving (the order of seating in coaches was full of pitfalls), Funerals and Mourning.

Dinner was a critical test. Table manners changed dramatically from the beginning of the 19th century, when elegant Sheraton sideboards concealed chamber pots for the instant convenience of diners. Bringing out the 16th edition of her *Hints on Etiquette* in 1839 the Lady of Rank marvelled how the accession of a Queen had improved manners in the three years since the first edition. She still, however, counselled readers to use a spoon and not a knife for peas and curry, and to wipe their mouths on the table-cloth, rather than pocket-handkerchiefs, if napkins were not provided.

Such unseemly carrying-on were quite forgotten by the 1870s, when the dinner table was an arena for spectacle and ceremony of appalling refinement, all according to the book.

The writers on etiquette strove to maintain the illusion, just the same. Life changed, admittedly, after the First World War; but that only brought the need for new rules appropriate to new conditions—for yachting, cruising, bridge, motoring ("avoid all ostentatious noise with exhaust or horn") and Woosterish country house parties. The rules were less arduous, the social pleasures more varied ("'listening-in' to a wireless concert will follow dinner if time permit"), but class and code remained.

"The English are the most aristocratic democrats in the world," wrote Lady of Rank in 1836, with a candour that matched her perception; "always endeavouring to squeeze through the portals of rank and fashion, and then slamming the door in the face of any unfortunate who may happen to be behind them."

Janet Marsh

Robin Lane Fox catches a train and learns another golden rule

When a lady cries rape

TRAVELLING, not gardening, is the main business of mid-August and I have just added another golden rule for travellers to the ones spelt out so memorably by the late-lamented Gerald Hoffnung. Perhaps you remember his first rule: "On entering a railway carriage in Britain, always be sure to shake hands with the occupants before you take your seat." Nobody was shaking hands, but my new rule was also learned on the railway.

It was early June on the evening train from London's Paddington station. The sun lay pleasantly on the fresh green embankments and you knew it was nearly mid-summer because the central heating was running at full blast in the carriage. (When British Rail advertise that they are "Getting There," I have deduced that they do not mean to say that the trains are arriving punctually. They mean that, very soon, they will be sure of leaving the central heating full on from May until late September, whereupon it will stop in time for the winter and not bother passengers again until early summer.)

Through the heat haze, hedgerows of hawthorn and cow-parsley flashed past the window, broken by fields of butter-yellow flowers. Personally, I hate that glaring colour, but there were only two other people in the carriage: an elderly gentleman and a lady visitor from Japan. Before I could complain, the lady took the initiative. Whenever a yellow field flashed past the window, she clapped excitedly and cried out "Rape, rape."

After two or three fields, it did occur to me that the elderly gentleman was the best person to explain to her what her exclamation really meant; but he declined, knowing no Japanese and not fancying the task of acting out the concept. We passed the Didcot Park Station in Oxfordshire to a crescendo of clapping and rape-calls. It is really rather contagious, even if you hate the beastly crop because it diverts the bees, wrecks their honey, encourages hay fever and smears itself over the countryside like overheated margarine.

Is there much oil-seed rape round Tokyo? Until I discover, I will believe I had witnessed a charming Eastern courtesy: when abroad, show respect and enjoyment for the flowers of the country you are visiting. It is a very good rule. Perhaps, even now, you are making your way to the beach past big swathes of cistus, sea-lavender, rosemary and the silver-leaved plants we struggle to grow in an English winter. We can easily forget that almost everything in an "English" garden grows wild somewhere else. The best narcissi are in Spain and France; Crown Imperials flourish in Iran; and the best rhododendrons are in Burma where they amazed the great plant collectors and have still to be fully surveyed. "The little trees are a brilliant sight, smothered with blossom which is scattered among sombre firs, like fairy lamps on a Christmas tree . . ."; the memoirs of the master, Kingdom Ward, in Burma read at times like a visitor to Surrey in May, overpowered by those great banks of scarlet and purple flowers.

We are so dominated by gardens that non-gardeners sometime believe the best-known flowers cannot really be growing wild. I remember my own surprise when seeing white roses growing wild through poplar trees in Afghanistan, as if the Afghans had been reading books by Vita Sackville-West who liked to recommend this type of rose-planting. One spring, I was even more surprised when seeing fields of tall red tulips growing through the olive trees in Greece. The tulips were less surprising than a fellow-visitor who was a noted historian of the classical world she thought it most surprising that the Greeks had troubled to plant so many bulbs from Holland.

Respect for other countries' flowers is one thing: the clapping in our railway carriage was a lesson of something more. We should not only notice other countries' wild flowers: visitors can often see virtues which the local inhabitants overlook. In Kashmir, I once distressed the owner of a modest hut by asking if I could pick up pieces of the iris which was growing all over his roof. A lovely iris it was: small, blue-flowered and unusually vigorous. His friend refused on his behalf, telling me tactfully that it was a welcome cover in the rainy season and was believed to keep off the lightning.

In August, one of the great sights in gardens is the Golden Rayed lily, or *Lilium Auratum;* until recently, the people on its native Japanese mountains used to dig up its bulbs in order to eat them. Here am I, enjoying my Golden Rayed lilies from Japan and deploring the oil-seed rape which I then eat in my butter-substitute. Meanwhile, there was a Japanese visitor applauding those same rape-fields for their colour and boldness.

Perhaps I should have asked her if she had eaten lily bulbs in her youth. However, the train then stuck in the city outskirts; there was no more clapping for the small allotments and it seemed rather gauche to try to revive the excitement.

Plants that disappear

ANY BOOK on plant conservation written by Christopher Brickell must command instant attention for I doubt if anyone knows more about this complex subject than the director-general of the Royal Horticultural Society. He is a botanist by training, a horticulturist by profession, and he has the widest knowledge of plants of anyone I know.

So, I received *The Vanishing Garden* (John Murray, £15.00) with keen anticipation and was surprised to find, after I had studied it for a while, that I began to be a little disappointed. Perhaps at this stage of research it is impossible to write the kind of book that I had hoped for (but before I come to that I must describe briefly what Brickell and his co-author, historian and journalist Fay Sharman, have succeeded in doing, and add that I strongly recommend anyone concerned with the conservation of plants to get a copy and study it closely for it contains a great amount of useful information).

The Vanishing Garden falls into two sections starting with a 19-page introduction in which the extent of the problem is explained and some of the work already done to rescue fine old garden plants is described. Almost the whole of the rest of the book, 217 pages in all, is a straightforward account in alphabetical sequence of a number of genera which the authors presumably regard as most greatly at risk or most especially desirable in gardens, although the precise reasons for selection are not clear.

However, this encyclopaedic section contains much of interest about the historical propagation which will help would-be conservationists to increase stock of any desirable plants they may discover. It is well written and an excellent guide to a rather idiosyncratic miscellany of plants for outdoor cultivation.

So, what do I find lacking? Mainly, firm guidance on what plants are genuinely in need of conservation and are worthy of the effort and expense involved. *The Vanishing Garden* is strong on species and primary hybrids, most of which are reasonably secure in the botanic gardens of the world, and weak on garden varieties which rely almost solely on nurseries and private gardens for their preservation.

The difficulty with these is that there are so many of them that it would be physically impossible and totally unnecessary to preserve the lot. It is essential to be highly selective and to be sure that you are conserving the best, and on this *The Vanishing Garden* gives little guidance.

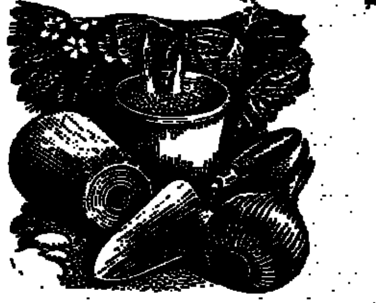
I looked for phlox, the herbaceous varieties of which were highly popular for 100 years or so and then suddenly lost support some 20 years ago, but found nothing about them. I tried delphinium, aster (the michaelmas daisy varieties) and astilbe, for all of which national collections have been set up, but none had been included.

Then, I turned to scabious because I had worked for Isaac House and Son during the early 1920s when their new varieties of the hardy Caucasian species were being introduced. They were there and House was mentioned, but in a wholly misleading manner. The unsuspecting reader would come away with the impression that we exhibited our varieties only twice, first at Shrewsbury in 1920 and again in London the following year; that they received little notice; and that we charged an exorbitant guinea a time for plants and so failed in our endeavour. "The unfortunate Mr House," we are told, "had merely pointed the way for others to follow more profitably."

The truth is that we exhibited at every major show between mid-July and late October throughout the years I was with them; we seldom failed to win a gold medal (one year, we had a large gold at Southport); and we sold more than 100,000 plants a year and had to buy in plants of Constancy from Hodges of Henbury to meet the demand. What ended that success story was that J. C. House, the architect of it all, sold the Westbury-on-Trym nursery for building and retired to Cornwall. No one took up the challenge and Clive Greaves remains to this day the best and best selling Caucasian scabious.

There were a lot of others: Empress with huge flowers, Isaac House with the deepest purple flowers of any scabious but such a poor constitution that even we had a job to keep it alive; Harold, a big, firmly-built, deep lavender-purple flower; Miss Willmott, still the best white; and some that verged on lilac pink.

Few of these would be worth looking for but Constancy and Diamond (neither of which were raised by House although he did grow and publicise them) would be worth recovering. Constancy suffered from a petal defect which I now believe was caused by the teazle mite, a tiny pest we had not then heard about and is so small that we probably did not notice it.



Gardening

Diamond, which I think is a misspelling of the German variety Diamant, would also be worth finding because it was deep-coloured and had a very firm, well-formed flower (although for the cut flower market it was not sufficiently prolific).

It is facts such as these that enable you to make intelligent decisions on what to conserve and what to leave alone. I see little point in making large, haphazard collections of old plants and then trying to attach names to them and begin to reassess their value. Most of that was done years ago, and it is largely because many plants did not pass the test that they have been allowed to drop out.

I suppose I am crying for the moon in hoping that any single book could tackle all the problems. Each genus probably will need specialist researcher and a pamphlet. *The Vanishing Garden* provides a useful introduction.

Arthur Hellyer

Monsters that won't bite

YOU MAY have heard the story of the keen fly fisherman who tripped on the bank of his favourite stream and plunged headlong to his doom in the swirling torrent. When he came to, he found himself on the banks of a river very like the Test. Close at hand was a rod already set up with a hawthorne variant fly, and there were many such flies hovering in the riverside bushes.

He picked up the tackle and walked up the bank. Conditions were ideal — but not a fish disturbed the surface, although there seemed to be plenty of fly. He set off upstream, as all good fly fishermen would, muttering beneath his breath that if this was indeed his taste of the after life that he must have been directed to heaven.

Still he found no fish, until, round a bend in the stream, he reached a high wire fence. There was no gate; nothing but a notice which said "boundary, no entry."

Looking upstream beyond the fence he saw that the water was crowded with rising fish all obviously catchable, just out of his reach. While he was angrily contemplating this scene he heard a step behind him. It was St Peter, clad as a water keeper but still recognisable. Tell me, the fisherman demanded, where I can find the gate, so that I can go further upstream where the fish are so plentiful? "There is no gate," the Saint said. "You were directed to this side for ever." "But this is Hell!" "Yes, it is," came the reply.

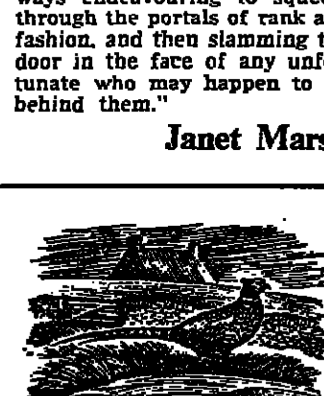
For the past few weeks my experiences have been the same as this angler. The river has been in quite good form, but either I have been there on the wrong day or the wrong beat, or when, in spite of a profusion of fly, no fish has been hungry enough to go for them. I have had a frustrating time.

Two of my beats are separated by a public road bridge. Under this bridge lurk monsters which can be seen rising indolently during the hottest day, when everything else is still. Every now and then a car stops. Out comes a family with stale bread to break into small pieces and throw to the ducks. The water is stirred into a maelstrom as duck and fish fight for the pieces. Then the fish sink to the bottom, rising only occasionally to take the odd surface fly, probably feeling the need for a modicom of animal protein after all that carbohydrate.

Over the years I have devised means of catching the occasional one. If there is sufficient of a south wind, it is possible to flick a fly a few feet under the bridge above the fish—but as there are only about three feet between the water and the bridge timbers, luck is needed. The flies I have lost in the bridge woodwork are legion.

It is possible to winkle fish out from above the bridge, not by dragging a sunken fly but by so arranging the fall of the cast that the fly floats under the bridge perfectly naturally. In fact this type of casting suits my technique—best described as elementary zigzag. However, I do find that the straight cast, even upstream, is very vulnerable to drag, so I make a virtue of the fact that I can't help my antidrag technique.

Now an ethical point arises. It appears that downstream fly floating is not allowed. No fly should be allowed to float downstream of the angler's feet. This means I have to fish the Cherrington curve with my back against the bridge rails and take the fly smartly off the water before it crosses the imaginary line.



Fishing

This is making things much more difficult. Especially as my conduct, until corrected, had been based on the advice of a well-known soldier, now dead. When I found him fishing my own beat from his own he said in a parade-ground voice, before I even spoke, that what he was doing was perfectly legal, as long as his feet were on his own beat.

John Cherrington

Fashion plates

● Even for leisure wear, it appears that scruffiness is out. All those parents who remember the tatty jeans, the scuffed shoes and the shirt-tails always out can inform their offspring reliably that today's man, even in his most informal moments, likes to look clean, have his hair well cut and generally to convey an air of sophisticated ease.

Here is Next for Man's winter version of off-duty gear—the jacket is a larger check than the trousers but both work well together. The *shirt* picks up the same colour (teal) and the whole presents a very different picture from the battered cords and worn-down tweeds of yesteryear. The jacket is £79, the trousers £29.99, the shirt £24.99, the tie £11.99.

● Most designers and manufacturers of men's suits understand well the needs of the male who works in an office environment. A crumpled linen Yohji Yamamoto or a number from Comme des Garcons, no matter how expensive, just wouldn't do their credibility much good *where it really matters.* As classic lines and shapes have, on the whole, to be respected, there are only small areas left where any statements can be made but one of the obvious is with fabrics. Here, bold texturing has been used in the cloth to give the suit a little more "interest." In grey/brown wool/polyester, from the Cue department at Austin Reed, the suit will be made in the store from id-*September (it's part of the* new winter range) and costs £135.

● In general, weekend gear is very, very relaxed-looking. There are lots of easy trousers, soft zipped jackets in wool or leather, and an exceedingly interesting collection of knitwear. Putting it all together isn't quite as easy as it looks — nothing should be matched too carefully or too thought-out. However, just occasionally, even at weekends, it is time to don a suit — and a city slicker suit, no matter how expensively styled, just won't do. Jaeger has the very thing — textured corduroy suit, warm and chunky looking (above). In dark grey 100 per cent cotton cord, the jacket and trousers can be bought separately. The trousers are £55, the jacket £125, and both are going into all branches of Jaeger now.

Lucia van der Post

HOW TO SPEND IT

HOLD ON to your seats, fix a drink and wait for the bad news. Where once upon a time men used to wear clothes, any moment now you will find yourself worrying about fashion. Just like women.

The days when you could relax and reach for that reassuring familiar suit (if it were a week-day) and those comfortable old cords and sweater (if it were a weekend) are on the way out. There is a conspiracy afoot to make it either much more subtle and interesting or much more difficult and expentive (depending upon the point of view) to get dressed in the mornings.

Signs of the changing times are the "first ever Designer Menswear Show" which opens in the grounds of the Commonwealth Institute, Kensington High Street, London W8 at the end of the month. To be sure, there have been plenty of clothes produced by the said designers in the past few years but they have never before had enough clout or been organised enough to persuade the right buyers (in particular, buyers from demanding countries like France and America) to come and see them.

They used to try to make their own individual statement at shows like the Menswear Association of Great Britain or Imbex. But they found that they were swamped by huge commercial ranges, and the buyers who came to view *those* didn't have their sort of clothes in mind when it came to writing out orders.

Some 70 different designer names will be showing their wares—people like Costelloe, Stephen King, Charlie Allen and Nigel Cabourn. Although it is a trade show only, next spring the clothes themselves will emerge into boutiques up and down the land.

In case you find this merely of fringe interest, it is worth noting that buyers are coming in their thousands from all over the world, the US in particular) to view (and, one hopes, to buy) what is regarded as some of the most exciting and innovative menswear designs in the world.

You might well be wondering what all this has to do with you. The answer is that menswear is quietly being revolutionised, particularly when it comes to casual wear. The new young generation with money in their pockets are not spending it the way their fathers did.

See the young Turks at their city desks and at first sight they don't look too different. In the investment banks, where boom year has followed boom year, there is a much greater sense of ease with money—it's quite all right to wear a very expensive suit. The look is overwhelmingly clean and smart: the button-down Brook Brothers' style rules.

There are lots of belts and cufflinks, and "preppy" hair-cuts with nary a beard in sight. Designer label ties are much in evidence, and the very successful deal-fixer can be spotted by the fact that he can wear a Hermés tie every day of the year without ever wearing the same one twice (Hermés ties, it seems, are favourite gifts to mark the successful signing of a deal).

When it comes to suits, made-to-measure has staged a remarkable come-back. A few years ago the trend towards ready-to-wear, at any rate among the young, seemed almost irreversible, partly because of price but also because many tailors were too old-fashioned in their outlook. A new breed of tailors has begun to realise that exquisite workmanship isn't enough—the new generation wants a little bit of 1980s' styling as well.

Many of the new tailors are peripatetic. They understand that the one thing these new City chaps are short of is time. So, they go to their office desks. Take English Tailoring—it operates out of Brentwood (Tel. 0277 229 179). Some 60 per cent of its business is done with investment banks in the Square Mile. It takes its cloth (bought from Wain Shiell in Savile Row) to the desk, discusses the finer points of styling, length of lapel, number of vents and so on, and takes care to produce a suit that is cut to classic lines but has the softer look that once could only be found in the expensive (usually foreign) ready-to-wear.

Cloths, reports Stephen Williams of English Tailoring, are changing, too. Gone are the chalk and pinstripes. Dark navies, grey flannel and grey worsted are much in evidence. Cloths are generally lighter, and now that customers take aeroplanes the way other people take buses, they use a lot of tropical worsteds.

Once all the decisions are taken, away goes English Tailoring back to Brentwood to cut and stitch. After the necessary fittings, the finished suit is delivered right to the office desk. No wonder English Tailoring has a four-month waiting list.

But see the same chaps away from their city desks and the gap between the way they and their *fathers dress is much wider.* Gone are the shabby cords, the ill-matched sweaters, the years-old Harris tweed. They might well sport a Claude Montana jacket, some loose baggy trousers, a designer sweater. In summer, they might wear the baggy linens that are already very popular and that next spring (according to the Designer Menswear Show) are going to be even bigger.

This is a huge new market. It is where the chaps who are earning big City salaries are no longer afraid to look well-dressed, up-to-the-minute and even—dare I say it—fashionable. And if the Designer Menswear Show has anything to do with it, from now on men's money will be going to British designers instead of the big-name continentals who until now have been mopping it up.

Joy Melville continues her occasional series on phobias

Fear of flying

AN AIRLINE passenger once hid for two days at Heathrow, too terrified at the idea of flying to board the flight. After an interview by airport police, she was sent to hospital as "unfit to travel." Another man I know, due at a conference in Rome, drank his duty-free bottle of whisky in the VIP lounge to overcome his fear. He staggered up the steps to the plane in a total alcoholic haze, but had hardly adjusted his safety belt before his fear swept his drunkenness aside. Cold sober, shaking with fear, he left the plane.

There is a difference between being uneasy about flying — which most of us would privately admit to—and having a phobia about it. A real phobic will not fly. The idea brings on a severe attack of panic: trembling, palpitations, sweating. Phobics have particularly vivid imaginations: they can already see the plane plunging down.

But although phobics share this over-imaginative, mental picture of impending disaster, there are other complex reasons behind fear of flying, or aerophobia. As well as a dread of crashing, there can be a dread of heights: a horror of looking down at the ground so far away. Or sometimes normal nervousness is hardened into a phobia after a bad experience in the air: a heavy landing or take off, or flying through a storm.

The two chief fears of an aerophobic, however, are of being boxed in and trapped — which claustrophobics share, and which results in extreme distress and an overwhelming impulse to get out—and, towering above all, the way an airline passenger has no control over what is happening.

Aerophobics are usually the type who must always be in control: who need to feel they can get out, or stop a plane, any time they want to. They don't panic in a car (statistically, far more likely to crash), because they feel they control it; they are less helpless.

One American psychologist tackles this problem by giving his aerophobe patients a signed pass saying "I hereby guarantee that this plane will arrive safely at its destination." So far, he has not been sued. Another points out to his patients that it is simply not human to think that they can live in a world where they always have control.

Some people try treating themselves by taking tranquillisers or stronger drugs to damp down their panic. This may work with the merely nervous, but the genuine phobic needs more radical help. The most generally used method of treatment by psychologists or therapists is based on relaxation, imagination and getting the phobic to go into the situation he fears.

Usually, the phobic is asked for a list of the situations he fears most about flying, from the least to the most upsetting. He is taught various relaxation techniques and then asked to imagine the least frightening situation and discuss his fears of it with the therapist. At subsequent sessions, the patient is relaxed again, the next fear on the list is taken and described until the patient can talk naturally about it. Finally the patient can cope, in imagination, with all his fears.

Some therapists use films of various aspects, like take off and landing, as they find this more realistic. And realism is the problem with this treatment: it is one thing sitting relaxed in an armchair, imagining take off, and feeling in control; but it is quite another sitting upright in a real aircraft seat, while the plane revs up and the air hostess ominously instructs you about life jackets.

A practical way of learning to overcome aerophobia is suggested by Dr Manuel Zane, who runs a phobia clinic in the state of New York and is author of Your Phobia. It is based on getting phobics gradually acclimatised to a real airport, before taking a flight. You, the phobic, initially have to find a "helper"—*like a friend or relative.* Then, as a first step, you both go to the airport, and walk around the forecourt, shops and ticket counters. The next session, the two of you go to several ticket counters. at the airport and inquire about plane schedules, fares and other information.

The third step is to go to the departure gate, and mentally accompany passengers as they line up for boarding their plane, and finally do so. Fourthly, you go to the observation platform and watch planes landing and taking off. Fifthly, you both take a short, local flight together, repeating this if you are still shaky. Sixthly, you take a short flight alone.

One or two American airlines, aware how many passengers they are losing because of aerophobia, allow groups into the actual departure lounge—or even let them sit in an empty, stationary plane, while a pilot takes them through a flight. And all airline staff are trained to be soothing—unlike insurance companies, who stoke up aerophobia with slogans like "Will you leave anything you value behind when you next fly?"

It is far better to tackle the problem than surreptitiously swallow tranquillisers for days beforehand. Aerophobia is not like a cough; it doesn't get *better on its own.*

Phobic Society, 4 Cheltenham Road, Chorlton cum Hardy, Manchester.
Self-help organisation for people with all types of phobia. Send sae for membership details. Newsletter, local groups.
The Phobic Trust, 25a The Grove, Coulsdon, Surrey.
Similar to above.

Hooked on looks

Make-up for men? Certainly, says Nicky Smith in the first of several articles.

BEAUTY AND THE MALE

MAKE-UP, you may stoutly avow, is not for men. But wait. Everyone is entitled to want to improve their looks and doing so may not involve the quantum leap that you suppose.

Skincare for instance, is certainly catching on amongst the male population and evidence of its popularity turns up in the most unexpected places. On the ski slopes for example, skincare becomes unisex as strong men reach for protection against the biting cold and burning sun. Solid chaps from Manchester or Liverpool with proper jobs in British Telecom and a crystal clear idea of what they want from life, swear by Nivea and are as interested in Apres Rasage as Apres Ski.

They exude confidence, men's cologne, and quiet confirmation of the fact that men, like women, care about their appearance. Turnover in the male toiletries market is now said to be worth £100m and growing at the rate of £10m a year.

Truefitt and Hill are hairdressers to the gentry in London's exclusive Bond Street. For the past 32 years, the appropriately named Mr Beard has been clipping and pruning gentlemen's heads. If these days, he includes moisturising the face with something called an after shave balm, then all the better and Truefitt and Hill have an excellent product a chap can try.

"Everyone likes to look good and why shouldn't men get in on the act" says Mr Beard. Why not indeed, especially if during his lifetime, a man will spend on average 3,350 hours shaving? According to Wilkinson Sword, only one third of British men use an electric razor for their morning shave. The large majority prefer to "wet shave" using razor, shaving stick, tubed lather or foam.

It seems that 75 per cent of the shaving market prefers to use foam but in fact creams and gels that you work into the skin with fingers help to soften the beard and give a better shave. This may sound like teaching your grandfather how to smoke a pipe but Wilkinson Sword are so sure of the need for information on the subject that they have produced a glossy pamphlet called "Shaving and Skincare." Free copies are available by sending a SAE to Wilkinson Sword Shaving and Skincare Pamphlet, 50 Upper Brook St, London W1.

After-shaves have moved on a pace from the alcohol-rich variety that stung like a slap in the face. Now you can choose more gentle products like Chanel's Antaeus After Shave Soothing Balm which "adds vigour and vitality to the skin, keeping it fit, supple, well moisturised and protected from damaging ultra-violet sun rays." It even smells good.

Balms like these act like ordinary moisturisers and, as such, contain many similar ingredients including elastin and vegetal oils. In general they are less greasy than the "female" varieties and most are much lighter scented. Many form part of a range of products like Guy Laroche's Drakkar Noir which includes after shave, shampoo and shower gel.

The Erno Laszlo Institute now specialises in skincare products for men as well as women and claims that executives who travel a lot need to moisturise their skin more often than desk bound businessmen. Air travel is notoriously dehydrating for the skin and drinking alcohol increases the effect. The Erno Laszlo Institute recommends that you drink a glass of water for every hour you travel. It also offers a few other astonishing facts for general consumption — that a man sheds up to 40lbs of dead skin in an average lifetime and that the rate of hair growth is fastest immediately after shaving, then slows to an average 12 mm per month.

As with all skincare the sooner you start the better, which brings us back to the ski slopes. Men are logical creatures and not readily given to making decisions based on emotional advertising or attractive packaging but faced with the possibility of his skin cracking up under adverse conditions of extreme cold, even the most macho man will reach for the moisturising balm. Once hooked, he could soon become part of the trend and who knows where it all will lead?

Jill Tilsley-Benham samples Middle East cuisine and passes on some tips

Coffee, spice and all things nice

"TAKE TWO pounds of black papper," begins one characteristic Kuwaiti recipe. Spices, known in the Gulf as *b'sar*, permeate the entire cuisine of the Middle East. The washing and drying, pounding and sifting of spices chosen to blend in the family *b'sar* is an annual affair and the quantities used are prodigious. Married daughters tend to rely on mother for the coming year's supply.

Delicate or hectic, the versatile *b'sar* will season even traditional foods with the spice of uncertainty. Take *marag al lahem* for instance, a basic stew of meat and vegetables which may comfort with cassia and cumin in one house, yet challenge with chilli, ginger and garlic in another.

Down at the spice *souq* merchants lovingly arrange their green and gold, russet, black, snuff-pale and rose-red perfumed powders in multi-striped displays; evoking nostalgic memories in British expats of childhood trips to Alum Bay.

The Arabs are a hospitable people, but they are more likely to take their western visitors out for dinner than entertain them in the home. Happily for those with an interest in ethnic cooking, the restaurants of luxury hotels now offer a variety of Middle Eastern food, and should one travel by the area's principal carrier, Gulf Air, the runway will scarce have disappeared before the great-beaked brass coffee pots and fresh Omani dates herald the entrance of more substantial oriental fare. In fact I first learned to make *muhammar* (below) from the Gulf Air kitchens in Bahrain, and it is their recipe for this delectable dish that I have been using to impress my Arab friends with ever since.

●

Muhammar or *Pearl Divers' Rice* was said to have fortified the men who scoured the Gulf for the valuable seeds of the oyster. To make enough for four, first blend a *b'sar* with the following spices: 2 tablespoons ground cumin seeds, 1 tablespoon ground turmeric, 1½ teaspoons *each* ground black pepper, coriander seeds and cassia bark (often mis-labelled "cinnamon" in Britain), ¾ teaspoon *each* ground cardamom, ginger, and chilli, and slightly more than ¼ teaspoon *each* ground nutmeg and cloves.

Wash and dry 4 thick steaks or (skinned) fillets of white fish. Sprinkle the top sides with 2 tablespoons fresh lime or lemon juice and a generous quantity of salt. Coat very thickly with *b'sar*, patting it well in, and, if possible, 1-2 tablespoons crushed dried limes. (The exotic overtones this spice produces makes it well worth tracking down—Persian grocers in such areas as Kensington and Ealing stock it.) Turn the fish over and repeat as above. Leave in a cool place.

Wash 12 fl oz of basmatti rice in 6-8 changes of cold water. Leave to soak for half an hour. Meanwhile, slowly melt 6 fl oz sugar in a medium-sized pan. Shake now and then, but don't stir. When a smooth brown caramel has formed, pour over 18 fl oz water. It will splutter alarmingly, and the sugar will harden again on contact. Simmer, stirring, until it has dissolved completely. Crack open 4 green cardamon pods and add.

Drain the rice thoroughly, pour in, and bring to a full, rolling boil. Stir well, cover tightly, and leave on the lowest possible heat for 30 minutes, or until tender — the rice on top will stay slightly crunchy, so test the lower layer. Drain off any remaining water, cover the open pan with a folded tea towel, and jam the lid back on. Leave in a warm place for about 10 minutes.

While the rice is cooking, heat up 2 oz *ghee*, or 4 tablespoons of olive or sunflower oil in a frying pan. Add the fish and pour over the spicy liquid which will have collected on the plate. Fry until richly browned, on both sides, and cooked through. (Unless your pan is really big, it might be necessary to fry the fish in two batches using extra *ghee* or oil).

Tip the rice onto a heated platter and pour over all the hot fat — if there is less than a couple of tablespoons heat up some more. Fork through evenly, then arrange the fish on top, scraping over the crusty residue as well. Garnish with whole rosy radishes, if you like, and serve with a green salad dressed simply with lime or lemon juice.

●

Gahwa is a sooty black coffee so potent that the miniscule cups in which it comes are never more than one third filled.

The original meaning of *gahwa* was "strong old wine," and purists used to call their coffee "*qihwa*" to distinguish it from the Prophet's forbidden *brew. Well-mannered* folk never refuse coffee nor, as a rule, do they allow their diminutive china cup, or *finjan*, to be refilled more than twice—rocking this from side to side politely indicates "enough."

To make *gahwa* it is customary to use some left-over coffee, called "sharbat," to improve the flavour when making a fresh brew. Pour ½ pt water into a small pan, plus 4 tablespoons of *sharbat* if available. Add 3-4 lightly cracked green cardamon pods and (both are optional), a small pinch of saffron and 2 teaspoons rose-water. Bring to the boil, then stir in 1 tablespoon of coarsely ground, medium-to-dark roasted Mocha. Simmer very gently for 15-20 minutes. Strain into a *dallah*, or other coffee pot, and serve in tiny cups, no more than one-third full. Milk is never offered, and sugared *gahwa*, though delicious, is a rarity, for Arabs rejoice in the contrasting tastes of a honey-sweet date and sip of bitter coffee.

●

Om Ali, the "Mother of Ali," is a popular Egyptian bread pudding. No, don't go away; this charming sweet bears no resemblance to those horrors once perpetrated by your boarding school and British Rail.

To serve six thaw a small packet of puff pastry about 6 oz). Cut in half and roll out both pieces thinly on a floured board. Arrange on a baking sheet (or sheets) and cut into 1½ inch squares with a sharp knife. Bake near the top of a hot oven until well risen and golden brown (10 minutes or so); don't worry if the edges get a little burnt. Remove and cool. (This part can be done well in advance.)

Place in a souffle dish (2-2½ pint capacity) 1½ oz toasted flaked almonds, 1 oz unblanched pistachios, (these expensive nuts can be replaced, or supplemented, with skinned hazels or roughly chopped walnuts), ½ oz pine kernels and/or 1½ oz dessicated coconut, 2 oz sultanas, and 1 teaspoon cinnamon. Dissolve 1½ oz sugar in one pint milk, and bring to the boil. Set aside. Break the pastry squares into smaller pieces, and mix thoroughly with the fruit and nuts. Pour over the hot milk and stir. Sprinkle over 1 teaspoon rose water (optional), and leave to soak for about 5 minutes.

Meanwhile, whip to the soft peak stage 5 fl oz double or whipping cream. Spread over the pudding and dust with two teaspoons sugar. Bake near the top of a very hot oven for 10 minutes, or until golden and bubbling. Remove and serve immediately. *Om Ali* should always be light and moist. Some people like to add extra milk, (hot and sugared), to their portions.

Parisian dandy

TALON ROUGE: BARBEY D'AUREVILLY; LE DANDY ABSOLU
by Arnould de Liederkerke.
Olivier Orban, Paris.
FF 95.00, 272 pages

BORN IN 1808 into a family of minor gentry in the misty reaches of the Cotentin peninsula, Jules Barbey d'Aurevilly was an aristocrat and an outsider from the start, an avowed enemy of his egalitarian century (and how he would have hated this one!), and the last of the great dandies.

The figure of the dandy is a strange anachronism nowadays, but Barbey d'Aurevilly was an anachronism even in his own lifetime: in his last decade, already well into his seventies, he was appearing in the literary salons of Paris in the tight-waisted frockcoats, the lacy jabots, the elaborate waistcoats and closely-moulded under-strapped trousers that had been the fashion 50 years earlier, together with dyed hair and heavy make-up.

In this excellent new study, Arnould de Liederkerke provides a wealth of sartorial detail, but if this is primarily a portrait of Barbey d'Aurevilly as man of fashion, one is constantly reminded of the brilliant novelist, the intransigent critic and the perverse moralist that lurked within.

When Barbey d'Aurevilly first settled there, intent on achieving literary fame, in the mid-1830s, Paris was in a ferment of Anglomania, and it is not perhaps surprising that he should have chosen Byron—"poet and pariah"—as his first idol. Having caught the Byronic virus, he tried to emulate his hero to the last sulphurous excess. But then, excess was to become his watchword: contemptuous of an age that could produce Louis-Philippe and Guizot and Thiers, his aim was to outrage the *bien-pensants*, and the journalism to which he turned for a livelihood was written with a pen dipped in vitriol.

In this, he was not entirely alone. He felt a strong affinity with Baudelaire—he was one of the very few to come to the poet's defence during the prosecution of *Les Fleurs du Mal* in 1857—and the feeling was reciprocated. But always, he carved out his own singular and solitary path. He was an ardent Catholic, an Ultramontanist, and a deep believer in the monarchist principle. But he did not allow his Catholicism to curb his sensual nature, he enjoyed a series of liaisons with various high-born mistresses, and the titles of several of his novels and stories — *Les Diaboliques, L'Amour Impossible, Le Bonheur dans le Crime, Un Prêtre marié*—were themselves a calculated affront to conventional pieties. His Ultramontanism was genuine and reflected his distaste for the French hierarchy. His belief in monarchy no doubt sprang from his passionate repudiation of the nascent doctrines of socialism, but he had nothing but disdain for the royalty and the royal pretenders of his time.

In short, his whole life was a kind of provocation, he aroused hostility and outrage, and his books were for a long time either underestimated or ignored, except by a discerning few—but the number of his admirers has steadily grown since his death in 1889. *Talon Rouge* does not set out to examine his literary achievement, but it does provide a memorable portrait of the writer, from the young boulevardier to the old lion, and of a Paris society now vanished and gone.

Erik de Mauny

J. Barbey d'Aurevilly: Byronic Frenchman; a contemporary engraving

Map for Smileyland

SMILEY'S CIRCUS: A GUIDE TO THE SECRET WORLD OF JOHN LE CARRE
by David Monaghan. Orbis, £9.95. 207 pages

YOU THINK you know your le Carré, do you? Right, here is a quick quiz. Candidates should attempt all the questions.

1—What in Circus jargon are (a) bear-leaders; (b) lamplighters; (c) "graded Persil"; (d) pavement artists; (e) scalphunters?

2—What do the following have in common—Alan Angel, Barraclough, Carmichael, Adrian Hebden, Herr Lachmann, Leber, Lorimer, Max, Oates, Sampson, Savage, Standfast?

3—How and where did the notorious mole Bill Haydon meet his end?

4—What vital piece of hitherto suppressed information was discovered by Connie Sachs and what was the result?

5—The following are at one time or another members of the Circus—Peter Guillam; Sam Collins; Jim Prideaux; Percy Alleline. Which of them is: (a) an Oxford cricket blue; (b) son of a Presbyterian minister; (c) smokes brown cigarettes; (d) is reputed to have got a first at Cambridge by cheating?

6—What is: (a) the name of Karla's daughter; (b) where does Smiley locate her; (c) what is her condition; (d) what is her pet-name; (e) what name is she registered under; (f) who does that name really belong to?

7—Smiley's wife Ann is consistently unfaithful to him. Can you name three of her lovers?

8—Smiley has several little quirks of behaviour. One gives particular delight to his colleagues. Say what it is.

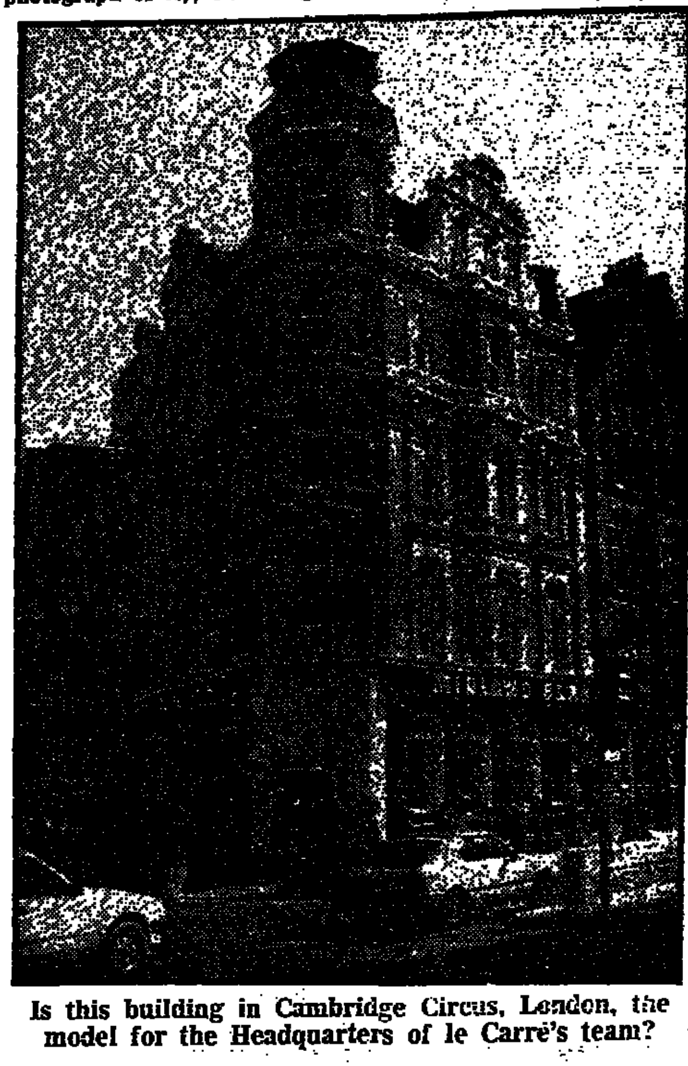
The answers will be found at the bottom of this page. Maximum of 30 points. If you score 25 or more you probably are an agent or at any rate you ought to be. Anything above 15 qualifies you to apply to take the Foundation course at the Institute of le Carré Studies, Coptic Street, WC1—but do not write off: it's not yet fully operational. Between 14 and 10 is marginal; below that is a clear fail implying you need to go back to the books.

But whatever your level if you are an addict you ought to find a great deal of fascination in David Monaghan's Smiley's Circus: A Guide to the Secret World of John le Carré. Monaghan, a professor of English in Halifax, Nova Scotia, does here for the Smiley sequence what Hilary Spurling did for the world of Widmerpool and Terence Kilmartin for Proust.

If there is a minor character whose cv is bothering you, or a major one whose activities in an earlier novel you are a bit hazy about, here is an infallible Who's Who in which to look them up. Other features include a history of the Circus (even a photograph of it), chronologies of all Smiley's main cases (useful with an author who swerves about so much in time and place) and a section on service jargon.

Although it is all pure invention the Circus, with its violent fluctuations of fortune since the end of world war two, seems an even more likely model for the real thing after this exercise. The most fleetingly seen characters prove to have been imagined with great particularity and made to interact with the major ones over several books with precision. From now on there will be no excuse for ignorance of what really happened in the Smiley stories.

Anthony Curtis



Is this building in Cambridge Circus, London, the model for the Headquarters of le Carré's team?

Fiction

All alone in W.1

A MISALLIANCE
by Anita Brookner.
Jonathan Cape, £9.95. 191 pages

THE ABBEY IN THE WOOD
by Antony Lambton.
Quartet, £9.95. 152 pages

THE BAKER PAPERS
by Edward Hawke. Secker and Warburg, £9.95. 204 pages

A DANGEROUS AGE
by Martin Sylvester. Michael Joseph, £10.95. 267 pages

SLOW TURN
by Mike Marqusee. Michael Joseph, £9.95. 220 pages

SEPARATION IS the theme of Anita Brookner's somewhat maudlin A Misalliance. The loneliness of a childless, middle-aged, middle-class woman abandoned by the husband she still loves, still thinks about constantly. She is convinced, she has to be, that he will return one day. Meanwhile she fills the gap in her life by drooping around the National Gallery until it is time to go home and change her clothes on the off-chance that her husband might drop in on his way to re-join his not very interesting, new young mistress, formerly his secretary.

The wife also does voluntary work at a hospital, where she finds a soulmate in three-year-old Nellie, a lonely child who has withdrawn into a world of her own rather than learn how to speak. Nellie's problem is her absent father, a weak creature with little sense of family responsibility. The two of them (the wife and the little girl) have a great deal in common.

It would be nice to reveal that they come through it all unscathed, but Anita Brookner is too subtle an artist for that. She paints a thoroughly bleak picture, meticulous as ever, yet without the prospect of any light relief to alleviate the suffering. As a portrait of a dull, straight-laced, self-effacing woman timidly trying to confront reality, A Misalliance has plenty to recommend it. It is sensitive and finely wrought. For her next book though, the author wants to go for something a lot more cheerful.

Antony Lambton's The Abbey in the Wood is not on the face of it a cheerful book — dealing as it does with gibbets, skeletons, felons' fingers drying in the sun — but it is very entertaining all the same. It seems that the German poet Heine, raving syphilitically on his death bed, waxed lyrical about an executioner's daughter he once knew, a beautiful red-haired girl named Sefchen. Lord Lambton has taken this incident and fashioned an early 19th century Gothic horror story out of it, an exotic tale starring Sefchen, the schoolboy Heine, and an assorted cast of Düsseldorf executioners who are forced to live by themselves in the woods because decent people won't have anything to do with them.

There are also elements of folklore, witchcraft, communion with animals, bold bad barons intent on rape in a coach and four, and of course the rich German literature of the period. It is an ambitious book for a second novel, marred only by one or two weaknesses in the writing. The author's prose is soporific, his dialogue scant and questionable. But his approach is original, and the story grips throughout.

Now for three first novels, the funniest of which is unquestionably Edward Hawke's The Baker Papers. These are the reminiscences, in diary form, of one Andy Baker, an uncomplicated young man, would-be stud of the Taunton disco scene. He has spots, a clapped-out motor, and a girlfriend named Tina whose physical attributes can only be described as magic, mate, know what I mean? Only trouble is, while all his friends are having it off against the council house wall, Tina is holding Andy at arm's length.

All's well that ends well however — until they go on honeymoon to Spain, where there's this bloke sunbathing naked with a medallion and all. Tina really fancies him, you can tell. And as for that Spanish food, Andy reckons they even put garlic in the chips . . .

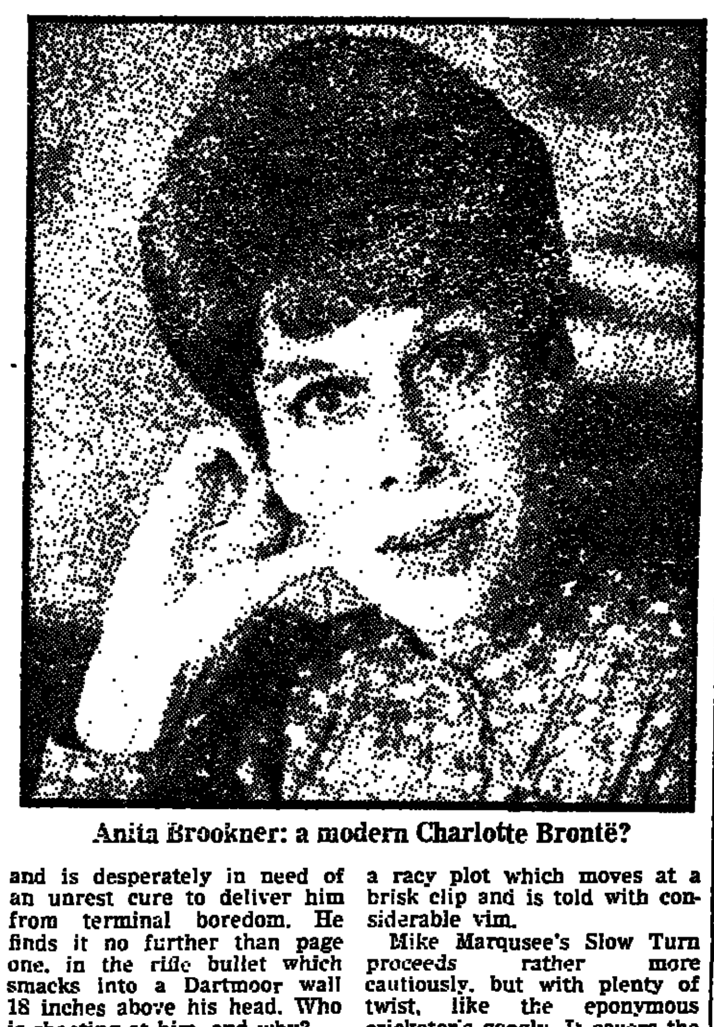
Wonderful stuff, good knockabout humour, ideal for a television sit-com. The Baker Papers will never win the Booker Prize — they are far too cheerful for that — but as the confessions of a randy moron they could hardly be bettered. The author can congratulate himself on an auspicious debut. Magic, in fact.

A good debut too for Martin Sylvester, whose wine-merchant narrator is well into his fifth decade—A Dangerous Age—and is desperately in need of an unrest cure to deliver him from terminal boredom. He finds it no further than page one, in the rifle bullet which smacks into a Dartmoor wall 18 inches above his head. Who is shooting at him, and why?

The answer is the Government, more or less, and not because he has not paid his taxes. Porton Down is involved, and the men from the Ministry. The narrator can trust no one except his wife and mistress. His only clue is a cryptic message delivered by his would-be assassin seconds before sinking into a treacherous bog. Will he triumph? If you willingly suspend your disbelief he will, in a racy plot which moves at a brisk clip and is told with considerable vim.

Mike Marqusee's Slow Turn proceeds rather more cautiously, but with plenty of twist, like the eponymous cricketer's googly. It covers the extraordinary Indian tour of a team of second-rate English county players, a tour on which all sorts of skulduggery takes place — literally, in the case of the umpire skewered with the cricket stump. A little diffuse for some tastes, yet cerebral enough. Indians and cricket-lovers may be sure that the author knows his stuff.

Nicholas Best



Anita Brookner: a modern Charlotte Brontë?

Imperial gothic revisited

THE ARCHITECTURE OF THE BRITISH EMPIRE
Edited by Robert Fermor-Hesketh. Weidenfeld and Nicolson, £25.00. 224 pages

EMPIRES, LIKE saints, are supposed to leave relics. The chief relic of the British Empire, and by far its most sacred, is English as a world language, which ought to be enough to satisfy anyone: but now Robert Fermor-Hesketh, camera in hand, has decided to record some of its finest (and oddest) buildings, mostly in colour, and has added some remarkable old maps. This is a sumptuous book, brilliantly designed by Helen Lewis and finely printed in Italy; and the buildings themselves, whether solemn or ridiculous, emerge on its thick pages looking sharp and sunny, even down to the last detail of a most remarkable tiled wall in a Durban public lavatory.

The texts support the illustrations, up to a point, but cannot compete with them. Some of the photos are a trifle underlabelled, and it seems nothing short of misleading to attribute to Neville Chamberlain, as one caption does, the invention of snooker. (In fact it was Colonel Sir Neville Chamberlain who did it, in 1875, in Ootacamund in south India, to amuse some bored soldiers). But the essays, which are by six hands, including the editor's, grow more interesting as they go. Jan Morris's introduction on the spirit of empire is no more than an opening flourish, but Charles Allen is more serious about homes, or rather homes-away-from-home; Gillian Tindall is highly revealing on imperial cities and their fast-increasing populations; Colin Amery deals with their great public buildings, and Gavin Stamp ends with an essay on churches that will make St Martin-in-the-Fields in Trafalgar Square, that most copied of all English churches, look seminal to a Londoner's eye forever after.

In other words, the contributors have at last managed to take the giggle out of imperial architecture; and even though one of them repeatedly calls his material a mixed bag, nothing is left here looking merely ridiculous. The empire, so to speak, strikes back. Some of their information is even less likely than Neville Chamberlain inventing snooker. Not everyone, for instance, knows that the largest castle in North America was built in Toronto in 1911, or even that what is now called the United States was developing some original forms of Georgian classical before it awkwardly decided to go independent in 1776. A colonial fondness for great corner-sites, too, looks like an engaging and unnoticed strength of Australian town building, and indeed it is hard to think of any as good in any English city.

The nineteenth century dominates the book, and most of the wilder excesses of imperial architecture belong to Victoria's reign and its aftermath. My own favourite, F. W. Stevens's Victoria Terminus of 1878-87 in Bombay, where you used to be able to get a remarkable shoeshine, is given due prominence as "the finest Victorian gothic building in India," though the photo leaves one with the feeling that no one but the Victorians would even have tried to do such a thing. So are refined little attempts at English domesticity under tropic suns such as bungalows or cricket pavilions in mock Tudor "spotted dog."

This was a world of exiles longing to be home, and it is perhaps a pity that the book does no more than touch on colonial influences upon architecture in Britain: a pity, too, that the index is so thin and the chapters uncoordinated.

But in a year when the Commonwealth is having a bumpy ride, this rich and lovely tome is a visual reminder of what the world's largest empire has left the world to gape at. Clemenceau, in a remark not quoted here, once remarked that Lutyens's New Delhi would make magnificent ruins. In fact it has made a magnificent capital for the largest democracy on earth, though an incongruously formal one for so unceremonial a people. And it is what this architecture means, in the end, that matters, rather than its aesthetic appeal. Compared with Shakespeare and cricket, not to mention the English language, the aesthetic charms of British architecture abroad remain wayward and curious, though not without dignity or verve. But its great judicial and legislative buildings like the Ottawa Parliament, recorded here in shining hues, embody an idea of deliberative government that does not deserve to falter or to die.

George Watson

Winning side

THE UNFINISHED AGENDA: ESSAYS ON THE POLITICAL ECONOMY OF GOVERNMENT POLICY IN HONOUR OF ARTHUR SELDON
The Institute of Economic Affairs, £9.50 (£4.50 paperback), 192 pages

IS ECONOMICS at last becoming a more cheerful science?

That is the conclusion one is tempted to draw from this marvellous book of essays to mark the 70th birthday of Arthur Seldon, the doughty champion of choice and free markets for many years past.

Of course the *optimism which* comes through is of a suitably cautious and qualified kind. That is only to be expected from veteran campaigners like Professor Hayek, the final contributor, who has, after all, been battling for more than half a century against anti-market fashion and prejudice. For him, as for the other essayists such as Milton Friedman, and for Gordon Tullock, the high priest of public choice theory, the agenda is very definitely unfinished. The struggle against collectivist orthodoxy has come a long way, but there is still far to go.

But something in the tone of free market writing these days *has certainly changed*. Gone is the atmosphere of utter defeatism and exasperation in face of one half-baked macro-economic theory after another. Gone is the resigned conviction that "aggregate market failure" will always be there as an excuse for the macro-men and centralists to try one more plan.

On the contrary, here we have Friedman, in refreshingly upbeat mood, telling us that "the prospects for the future in the world of ideas are extremely bright." And here we have Professors Minford and Walters exhilaratingly debunking macro-economic pretensions yet again and reminding us in best Burkeian style that micro-economics—direct concern with "markets and men and policies and prices"—really lies at the foundations of successful economic policy.

Maybe this splendidly positive feeling has something to do in this case with Arthur Seldon himself, who for three decades has been proclaiming with infectious enthusiasm, to a highly suspicious economic establishment, that macro-economic concepts are suspect and that we stand far the best chance of achieving good results for employment, growth and stability through micro-economic, market reforms, through liberalisation and deregulation on every side, rather than through general theories.

But I suspect there is more to it than that. It seems to me that the economics profession has now turned a very big corner. The realisation has dawned not just that the intellectual case for market-based, dispersed decision-taking is superior but that this case is *actually winning*—changing public opinion and political attitudes the world over, and therefore slowly, very slowly, the actions of governments and politicians.

In the British context, the timing of this fresh restatement of the message could scarcely be more opportune. We have just reached the regrettable point where a number of liberal economists and commentators, of whom one might have expected better, are toying once again with the idea of a central policy for incomes. It could not be a better moment to explain to these crypto-centralists why our macro-economic models are so unreliable as a basis for policy, and getting more so, and why, conversely, market economics looks increasingly well placed to deliver desirable economic goals, as long as it is allowed to.

That is what this book of essays does so effectively. These are not the apostles of "the gloomy science" who write here. Confidence comes through quite clearly from these pages that the debate against the tyranny of macro-economics can be won. Even if unfinished, the agenda is unfolding. Even the politicians may be coming to understand that in modern social and work conditions votes lie the market way. It is an awesome thought. But it is also a very cheering one indeed.

David Howell

Arthur Seldon: 70 not out

Illusion which became real

NORMAN ANGELL AND THE FUTILITY OF WAR
by J. D. B. Miller. Macmillan, £27.50. 167 pages

IN THE 1914-18 era Norman Angell's book The Great Illusion became one of the best-known books in the English-speaking world published in this century. Starting as Europe's Optical Illusion in 1909, and republished as The Great Illusion in 1912, it sold 1m copies, and was translated into 17 languages. Angell never again achieved this success, though he lived (some will be surprised to learn) till 1967.

Born in Lincolnshire, educated in France and Geneva and an emigrant to the US at 17, Angell had understandably a cosmopolitan outlook from the start. He always wrote of "peoples." The "state" he disliked: and the "nation" for him hardly existed. Among his pre-1914 friends were Lord Esher, who admired his writings, and Northcliffe with whom he worked as a practising journalist, and against whose methods and prejudices he sharply recoiled.

Angell suffered all his life from the popular misbelief that in 1912 he had pronounced major wars to be "impossible" (an error repeated recently by Barbara Tuchman). In fact his argument was that a war between great industrial powers, fought for the sake of economic gain, was not impossible, but futile. By 1918 he had become a strong League of Nations advocate; in the 1930s, a supporter of collective security of the Robert Cecil-Gilbert Murray persuasion; as a valued propagandist for the British case in the US in 1939-45, and thereafter naturally a steady champion of the UN idea. He was never a pacifist or unilateral disarmer.

Angell's real basic argument throughout, Professor Miller clearly shows, was that in a world of separate sovereign "states," all with their own armaments, a clash was sooner or later inevitable. He grew up in the rational, liberal tradition of John Stuart Mill and Cobden. He hated above all "nationalism," which he sometimes, however, confused with patriotism. His reliance on a rather simple-minded economic case probably weakened his main message, because if nations went to war for non-economic reasons (eg in self-defence) that case became largely irrelevant.

Throughout his life, Professor Miller rightly emphasises, Angell, especially since his days with Northcliffe, deplored the evil influence of the popular press in blinding and perverting the "public mind." True to his intellectual ancestors from Bentham to Matthew Arnold he clung to the hope that education could somehow counteract what seemed to him the poison of the mass press.

This was, perhaps, the greatest illusion of all.

Douglas Jay

Shipwreck's aftermath

THE GOLDEN WRECK: THE TRAGEDY OF THE ROYAL CHARTER
by Alexander McKee.
Souvenir Press, £15.95. 222 pages

THE SHIPWRECK of the Royal Charter, 1859 was as great a disaster to Victorian Britain and her technology as the space-shuttle catastrophe was for the US and NASA. The Royal Charter was a clipper, but she also had a 200hp steam engine for use in light winds and calms—in short a hybrid marking the transition between the ages of sail and steam. Her first trip to Melbourne took only 60 days, knocking 31 days off the previous fastest time.

The wreck, three years later, was made all the more poignant as the ship was only hours away from her home port of Liverpool when the worst hurricane of the century drove her onto rocks near Moelfre in Anglesey.

She was carrying 500 passengers—mainly miners and their families returning from the Australian gold fields with their newfound wealth. As the ship broke up only 25 yards from land, it seems inconceivable that only 40 men survived crossing such a short strip of water. But the force of the storm and the seas batterd more than 450 men, women and children to death on the rocks.

Alexander McKee, best known for his work on the famous Mary Rose, has revised, updated and added new material to the account he first published in 1061. Recent interest in the site has centred on the gold, for the ship was carrying £370,000 worth, not all of which has been recovered. But the chapters he has added about modern salvage attempts seem out of place in this book; it is not about gold, but a terrible human tragedy.

The whole original account of both the wreck and the ensuing inquiry make gripping reading. The vignettes of the passengers and crew, their hopes and fears, their bravery and folly are well done, and the author conveys a sense of inevitable doom for the vessel.

David Blackwell

le Carré quiz—answers

1 (a) Staff who brief an agent prior to an operation; (b) section of the Circus located at Acton which is responsible for providing support services for mainline operations; (c) someone who has been investigated in depth and found to be of no intelligence interest; (d) spy who specialises in surveillance; (e) Travel Department located at Brixton handling operations abroad including kidnapping and murder too dangerous for resident agents. (Six points, one for each correct answer)

2 All are cover names used at different times by George Smiley. (Two points)

3 He is murdered by Jim Prideaux at Sarratt the Circus's training centre in Hertfordshire. Prideaux breaks his neck. (Three points)

4 A Vientiane bank account investigated by Sam Collins, information suppressed by Haydon, leading ultimately to the identification and capture of Nelson Ko. (Three points)

5 (a) Jim Prideaux; (b) Percy Alleline; (c) and (d) Sam Collins (Four points)

6 (a) Tatiana; (b) in a Swiss clinic near Berne; (c) schizophrenic and recovering from anti-social tendencies; (d) Sasha; (e) Alexandra Borisova Ostrakova; (f) the daughter of Maria Ostrakova, an emigrée in Paris. (Six points)

7 Juan Alvida, a Cuban racing driver; a 20-year-old ballet dancer known as the Welsh Apollo; Bill Haydon. These among others. (Three points)

8 He wipes the lens of his spectacles with the end of his tie. (Three points)

ARTS

Letter from Maine

Back to the clapboard

BRITISH stately homes may have been a focus of attention in the US for the past year, but come August the American country house is at the height of its short season: not the weekend place near the city but the shingled, clapboard or log cabin behemoths among the stands of fir trees that line the coastal regions of the north-east and the inland lakes.

Though not as old or stately as the British variety, these summer houses—"cottages" as they are called, whether they have 13 or 30 rooms—are also centres of family loyalty from generation to generation. Parents and children travel long distances to be on this common ground where memories of one summer merge with the next, as if nothing happened in between.

A group of friends gathered on the lawn, dressed in summer white, silhouetted against Blue Hill Bay as the last gleam of sunlight catches a lone sail on the horizon, can be imagined as easily in 1906 as in 1986. The summer cottage is a place out of time, with no thought of the harsh winters that intervene to make life a challenge for the local people; for then the great houses are closed and protected against the elements.

Maine has retained the rusticity that appealed in the mid-19th century to its first summer colonists, the landscape painters, naturalists and writers who sought out its picturesque primitive life; Henry David Thoreau's *The Maine Woods* is still the most evocative account of the wilderness at that time. They stayed in rooming houses, but then came the grand hotels with verandahs running their entire length to accommodate the droves of fashionable summer people who travelled from the cities by boat and, later, by overnight train. Those who kept returning frequently chose to build their own family cottages, and in designing them architects from the city looked to the old hotels for dramatic form; for materials, they reverted to the shingle or wood used by the original colonists.

Perched on fieldstone foundations high above the rugged rocky ledges of the coastal inlets, the shingled houses in particular were and still are a fanciful architecture with Romanesque towers and prow-like porches, or "piazzas" as they are called in Maine. For all the complexities of their rambling horizontal exteriors, the insides of these 1880s and 1890s houses were forerunners of the modern style—split-level for easy living with high-ceilinged living rooms. Frank Lloyd Wright for one learned his early lessons from them.

The simple furnishings generally include plain wicker and rattan furniture, with old comfortable reading chairs, outcasts from the apartment in town that are never successfully replaced there. For the rest, the house becomes a scrapbook of cherished objects, souvenirs of past summers — favourite shells, pressed wild flowers and colourful lobster buoys that have come loose from their traps and washed up on shore.

The exemplary summer cottage that has been preserved from that early period (those not destroyed by fire are mostly still lived in, for part of the year) is the Franklin and Eleanor Roosevelt summer home on Campobello Island — in Canada, but linked by bridge to Lubec, Maine, and administered jointly by both national governments.

The tragedy of FDR contracting polio at Campobello in the summer of 1921 at the age of 39 eclipses the fact that he had spent summers there since 1883, when his father James Roosevelt first stayed with his family in a hotel, before building a house overlooking Friar's Bay. The cottage that became Franklin and Eleanor's a few years after their marriage in 1905 had been built next door by a Boston friend in 1897, who provided in her will that Franklin's mother, Sara Delano Roosevelt, could purchase the house for only $5,000 if she made a gift of it to the young couple, which she did. This meant summertime independence for Eleanor from her overbearing mother-in-law.

Very little has changed about this long, 32-room, red-shingled cottage with dark-green trim whose various wings and upper and lower porches are tucked in underneath an overhanging gambrel roof. The riotous flower borders now are somewhat different from Mrs Roosevelt's own dahlias, nasturtiums and deep-purple monk's hood, but inside is that perfect simplicity and summer calm that became the unaffected style of the great cottages. In the living room the same rose-patterned chintz covered all the cushions of the wicker chairs and the chaise longues that face the view through a picture window of the hillside sloping to the bay. They are freshly covered now, but in her day only worn cushions were replaced, making a continual contrast of old and new. The lack of decoration was the decor; beauty came from unadorned necessities.

Kneisel Chamber Music Festival concert hall

As is evident, Mrs Roosevelt's favourite colour was blue. The blue hydrangea-patterned wallpaper that has been faithfully reproduced for the dining room made a bright contrast to the dark woods of the tables and caned chairs. The furnishings of the bedroom she occupied in the years she made the rigorous trip by train and boat after her husband's illness are the most evocative: wallpaper with blue violets, white iron bedsteads with white bedspreads, varnished wood floors, the handmade braided rugs in muted pastels that were the speciality of the caretaker's wife, who also worked in the house.

Their daughter is still there to accompany visitors. Her stories bring a touch of the real, as do the enormous megaphones used to call in the children from sailing and for recordings of Roosevelt's speeches and fireside chats coming from an old radio.

This voice, however, is an anachronism, for the cottage had no electricity in those days. What is authentic is the white canvas seat on long wooden poles standing in the corner that was used to hoist FDR on the shoulders of his old fishermen friends when he sailed in triumphantly on the schooner Amberjack II in June 1933 as President of the United States for the first of only three visits he ever made to the island again. The Roosevelt cottage is indisputably one of America's great country houses.

★

A New York critic recently described New England summers as having "a string quartet in every village." This is nearly true, and the sights and sounds add immeasurably to the cultural life of the season, particularly in Blue Hill where this phenomenon began in 1902. That year the Austrian-born violinist Franz Kneisel, leader of the Boston Symphony and founder in 1885 of the first professional string quartet in the US, was accompanied to Blue Hill, where he summered, by his gifted students so that their intense musical training would not be interrupted. Eventually other members of the Kneisel Quartet joined him in administering a summer programme for ensemble playing, which has produced over the years some of the country's outstanding musicians.

In 1922 Kneisel's great friend Felix Kahn built the lodge-style concert hall on a hillside above the village surrounded by evergreens, where twice weekly during the summer the faculty of the school, known as Kneisel Hall, still gives public concerts. Inside, the tongue-and-groove wood panelling that covers the walls and slanted ceiling resonates with the full sound, as it were, of another instrument, and the musicians, in formal white summer attire, play before the roughly-shaped granite boulder fireplace. Above the mantel is a photograph of Franz Kneisel with his violin, and to the side with other musical memorabilia is another one of the Kneisel Quartet in 1925, the year before he died. The overflow public, seated on the wide verandah that surrounds the hall on three sides, listens to the music outside in the cool evening air.

Before the new practice rooms were built, one could walk through the village streets at any time of day and hear the strains of violin or cello music coming from an upstairs window of a village house where a student would be staying. The midsummer scholarship benefit concert is so well attended each year that it is held in the Blue Hill Congregational Church. The fullness of Beethoven, Ravel and Brahms in the stark whiteness of this typical New England 1840s church was a highpoint of this summer.

★

Though the days turn autumnally brisk it is not the weather that necessarily signals the end of summer here; as one drives along country roads in early September it is the return of the lumbering yellow school buses that sounds the call to duty in that other world that is gearing up again. It is then that I always re-read Sarah Orne Jewett's great 1896 novel, *The Country of the Pointed Firs*, about a summer on the Maine coast. Her closing sentence, as her narrator leaves by boat, is the image of that moment when the summer begins to fade into next summer's memory: "We struck out seaward . . . and when I looked back again, the islands and the headland had run together and Dunnet Landing and all its coasts were lost to sight."

Paula Deitz

Guercino drawing from the Mahon collection

The pistol is cocked

SIR DENIS MAHON, a scholar, the leading authority on Guercino and owner of one of the finest collections of 17th-century Italian paintings and drawings in the country, has cocked a pistol to hold at the head of the Government.

He has decreed that on his death (he is now in his mid-70s) as many of the paintings that will suffice to meet his inheritance tax liabilities should be offered to the nation under the "in lieu" procedures, with the strict condition that the National Art Collections Fund shall have the task of allocating the works to museums and art galleries. In many cases the NACF will be well aware of where Mahon wants the pictures to hang.

The NACF will also receive his remaining works of art, and the residue of his estate, which will go towards the establishment of a fund to assist museums and galleries in acquiring 17th-century Italian art.

On the face of it this is a most generous bequest. It should ensure that paintings from what is now regarded as one of the great artistic centuries, inclding works by Guercino, Reni, Giordano, and more, will enhance many national and local collections.

But there is a sting in the tail. If things do not devolve as Mahon plans, all his works of art are to be sold abroad and even the cash from the residue of his estate will go to museums outside the UK. He makes his position clear in the latest edition of the NACF Magazine.

In effect, he is testing the in lieu procedures under which the Treasury can accept works of art instead of tax. Until last year a derisory sum of £1m was all that was set aside to encourage owners of fine works of art to bequeath them to the nation rather than leave them to heirs to sell at auction in order to raise money to pay off inheritance taxes. Last year the Government relaxed the financial straitjacket; about £12m is now available for acceptance in lieu.

So far just over £500,000 of the extra resources have been called upon (to save the archive of the Dukes of Portland and Newcastle). Mahon hopes to publicise the in lieu system among a new breed of art collectors who, unlike aristocratic families, have not arranged for their artistic treasures to be tied up in unbreakable trusts to avoid tax. He also hopes to put pressure on the Government to make the provisions better known.

He is confident that there would be such a row if his collection went abroad after his death that, led by the NACF, the nation would rally to the cause of keeping in the UK 10 paintings by Guercino, four by Domenichino, four by Reni, 11 Giordanos, and many, many more.

Antony Thorncroft

Edinburgh Festival

Unqualified pleasures . . .

THEATRE critics in Edinburgh are quickly sucked into a whirl of activity, as they rush from one worthy event to the next. Their musical colleagues have a more orderly time: a daily routine which begins with morning recitals in the Queens Hall and moves in the evening either to the Kings Theatre or the Usher Hall. This year that routine has seemed more dutiful than usual, with few surprises, but a pair of recitals by young French singers in the Queens Hall on Thursday and Friday, provided a great deal of unqualified pleasure.

Both Catherine Dubosc and Francoise La Roux visited Edinburgh last year with the Lyons Opera and their appearances this time made for a nice piece of continuity. While La Roux is already a baritone of authority and artistic maturity, Dubosc is still developing. Her soprano is light, rather monochrome and not especially resonant; her delivery is admirably clean and unfailingly intelligent.

Accompanied by Ruben Lifschitz, the programme was exclusively French: a well-chosen survey from Gounod and Bizet to Poulanc. In songs as diverse as a Chabrier group and Debussy's *Fête Galante* she showed her ability to fasten upon the essential expressive elements in each setting: sharply pointed accentuation in Chabrier's "Jeanne" and "Les Cigales," delicate dashes of colour in the Debussy. For Poulanc's *Fincailles Pour Rire* she kept things simple, relying on lucid delivery — beautifully accomplished in "Il Vole" — to make her musical points for her.

The whole effect of her singing is so natural and unforced, one hopes that she can preserve these qualities as she gains more recital experience.

La Roux has clearly already acquired that experience. He made a big impression last year at the festival with his Pelleas and it is easy to see why, with his attention to the dramatic detail and expression of everything he sings a close scrutiny which compels considerable admiration.

In place of the all-French selection originally announced, he included a Schubert group and Schumann's late Mary Stuart settings, accompanied by Monique Laget, and immediately showed that his immense expressive abilities were not confined to his native language.

Five Duparc songs were probably the high point. One always expects "l'invitation au voyage" to be given a langorous neuroticism, in which every phrase is charged with possibilities, but how often does a singer manage it without undue self consciousness? But La Roux achieved it apparently effortlessly.

In the second set of Fete Galantes he underlined how his art is presently more advanced than Dubosc's; "Colloque Sentimental" was presented as a dialogue that did not stray beyond the carefully circumscribed boundaries of the song, but which nevertheless married the two distinct strands with perfect eloquence. When he makes his London debut, as surely he must before very long, the hall deserves to be packed.

Andrew Clements

. . . and a pink puppet

WATCHING Japanese marionettes on a wet afternoon in a chilly theatre whose imposingly empty bar is happy to offer alcohol at 3.30 pm without a drop of tea in sight shows how far Edinburgh has come in the new internationalism.

The Church Hill Theatre, Morningside Road (estate agents and good delicatessens much in evidence) houses the latest manifestation with a programme by the Takeda Marionettes. The ritualistic opening has a puppeteer striking sparks from flints before the painted screen. A lion-dance is performed by an endearingly canine creature, golden faced with clacking jaws, fine white mane contrasting with green, flower-patterned coat and oddly trousered legs. The coat slips, and we see that under the puppet animal are puppet humans.

An uncertainly interpreted lecture on the puppets (this company dates from 1660) is succeeded by a number of courtesy turns, regretably influenced by Western tastes. Pastel-coloured tennis balls open to sing, sneeze, laugh and sulk, so many disembodied mouths, not too far removed from the Muppets. A pink octopus rolls its eyes and spits, a clown plays: more promisingly, ostrich plumes dip, float, glide, join and separate. When a skeleton dances to boogie-woogie, the constantly lurking shadow of Disney envelopes all.

This wastefulness is exposed by the programme's classical elements. Exquisite models fight, twirl parasols, play music with miniature virtuosity, tiny hands apparently flying over the frets. Suddenly resplendent in formal robes, the puppeteers bow gravely to the audience, and the 1,000-year tradition emerges triumphantly from the accretions of the scrutable Occident.

Martin Hoyle

A round of rock

Saleroom

NEXT WEEK the London salerooms let their hair down and solemnly offer for sale "Four inflatable plastic Beatle dolls, American, circa 1964," and a pair of white cotton dungarees, as worn by Boy George. It is the annual round of rock auctions, with Phillips disposing of a rather forlorn looking collection on Wednesday, Sotheby's, pioneers in the field, going for broke on the Beatles on Thursday; and Christie's South Kensington, getting into the act with some choice goodies on Friday.

For Sotheby's this is its sixth auction, and after the frenzied bidding at the first event a more sedate market has developed. Some of the early prices established now look silly—especially the £2,000 paid for a "Sergeant Pepper" album signed by the Beatles, but those who invested in the celluloids from the cartoon film "Yellow Submarine" will be doing nicely.

Hilary Kaye of Sotheby's turns away 80 per cent of the material she is offered, and is well aware of the forgeries which are now rife, especially among "gold discs." But she is always on the look out for good manuscript material and instruments: she is less happy with records and memorabilia.

The market has been unsettled by the sudden arrival at the sales of big buyers who acquire everything in sight and then go to ground. One year it was Radio City of Liverpool which has subsequently sold off its Beatles collection; another it was Seibu, the Tokyo department store. Hard Rock Café remains a steady buyer, and there are hopes that Madame Tussauds, which is setting up a rock 'n' roll museum on the developing Trocadero site at Piccadilly Circus, will invest heavily.

Apart from Paul McCartney the artists who got rich on the music show little interest in their past (although Bill Wyman has an excellent Rolling Stone archive). There are major collections in the US, Australia and Japan, but most buyers are fans who have done well and want mementoes of their youth. The time is over-ripe for the Victoria and Albert Museum to buy, while prices are still modest, to ensure that the Theatre Museum in Covent Garden has a good display of what has been the major British contribution to world culture in the past century.

An oddity of the rock 'n' roll auctions is the dominance of the Beatles. Other seminal figures, like Bob Dylan, feature not at all; even Elvis Presley has limited appeal, and Sotheby's has placed a very cautious estimate of £80,000 on what must be the star lot of the week, a custom built Rolls Royce Phantom V delivered to the "King" in 1963, and worth almost as much just as a classic car. Elton John attracts little interest. Last summer Sotheby's failed to sell his Delahaye coupe: this year his Steinway baby grand carries a modest £1,500 estimate.

Sotheby's is offering less than usual—336 lots—but expects a record total. The main attractions are an archive relating to Stuart Sutcliffe (the Hamburg Beatle who died young), disposed of by his girl friend, the photographer Astrid Kirchherr. As well as his bass guitar (top estimate £15,000) there are a series of photographs which poignantly capture the early 1960s and Sutcliffe's influence on the image of the Beatles.

There is a top estimate of £15,000 on an acerbic memory of John Lennon — his caustic comments on a booklet prepared by Apple about the Beatles. He scribbles on changes and inflates his own role at the expense of the others. George Harrison's "first" guitar, acquired in his mid teens, is modestly estimated at £800. The tentacles of Beatlemania are well illustrated by the inclusion in the auction of the Volkswagen "Beetle" which can claim to fame that it was the actual car featured on the front of the *Abbey Road* album: it is estimated at up to £3,000.

The highlight of Christie's auction is an 8 mm colour film, taken by the Beatles press officer Tony Barrow, of the boys on stage and relaxing during their 1965 US tour. It runs for 52 minutes and if it can overcome copyright problems should exceed its £15,000 top estimate. Christie's also has another exclusive—the marriage certificate of Lennon and Yoko Ono; it is valued at up to £5,000, surely a record for a marriage certificate. Also modestly estimated is the rarest Beatles record of all time—one of the two acetates cut at their first audition for Decca when they were turned down.

Antony Thorncroft

Barnes sets the standard

Radio

THE THIRD series of *Barnes' People* has opened on Radio 3. This time they are three-handers. As before, they set the standard for comic radio writing, but, more than in either of the two previous series, they raise a question of what is acceptable in broadcasting. I have said here before that the only requirement for a joke is that it should be funny, but others may not be as indulgent as I.

The first, *After the Funeral*, was a conversation between three pimps after the funeral of a famous "flat-backer" (to use the technical term), Anna, queen of the East Acton red-light district. Imported from Casablanca, she could manage seven punters an hour. There was much pimps' shop-talk, from which we learnt that pimps are against all the non-sexual vices.

Next, *The Peace of Westphalia*, about two German high-way-robbers holding up an emissary on his way to a conference at Osnabruck, where heads of state were to discuss an end to the Thirty Years War. The robbers, soldiers in summer, thieves in winter when campaigning languished, saw no good in a peace, so the emissary, despite all he had done to please, was killed. One of the robbers had had his tongue torn out, not an easy disadvantage to demonstrate in radio dialogue.

Then *The Real Long John Silver*, a fairly conventional piece about three guests at a fancy-dress party who have all dressed up in that part. This was the only one of the three without moments that some people might find disagreeable.

If they do, they will have missed much clever writing by Peter Barnes and some smashing acting from Sean Connery, John Hurt and Donald Pleasance as the pimps; Bob Peck, David Suchet and David Warner as the robbers and their victim; and Ian Carmichael, Paul Eddington and Anna Massey as the three Long John Silvers.

More good playing in *After Henry*, a new before-luncheon half-hour on Radio 4, and good comic writing too, but of a different brand, straight Shaftesbury Avenue dialogue. Henry, dead three years, was the husband of Sarah (Prunella Scales); Joan Sanderson is Sarah's mother; Gerry Cowper is writer is Simon Brett, the director Pete Atkin. 12.27 pm on Saturdays is a sensitive hour. *After Henry* seems to fill it pretty well.

Yesterday's *Billy and Seamus* on Radio 4 presented two Irish criminals, a Protestant and a Catholic, telling us why they joined their respective forces, why they committed their crimes, and how. Both had taken to religion after release, but (or perhaps "therefore") they were entirely frank about their motives and their acts. Neither their retrospective nor their current thoughts went far below the surface; Anthony Clare might have got more out of them than Eamon Hardy did. But on one point they were firmly unanimous. Prison is worthless for rehabilitation.

The Monday Play dealt with the homecoming of a prosperous man released from a kidnap. The weakness of *Free* was that Nick Dear did not establish any connection between events. When Michael (Timothy West) reached home, he found his wife enmeshed in Buddhism, his mother sinking into a lethal senility, his son working on a pointless Ph D, his daughter a junky. One can only assume that they are meant to "stand for" something, but whatever it is, it is not made relevant. Good characterisation (except for the mad old lady) and good direction by Richard Wortley.

Solution to Chess No 634

1 QxRP ch, N-N2; 2 Q-N8 ch, K-N3; 3 P-B5 ch, K-R4; 4 Q-B4! QxQ; 5 PxQ (threat 6 R-N8), K-N3; 6 R-N8, K-R6 (NxP; 7 R-B4 ch forces mate); 7 R-R8 ch, K-N5; 8 K-N1 wins. Instead White went 4 Q-R7 ch? K-N5 and resigned because of 5 P-R3

Bellissimo canto

Records

Mattia Battistini — King of baritones. Complete recordings, 1902-24. 7 LPs in box. HMV Treasury, EX 29 0790 3.

When Battistini died in his mid-seventies in 1928, memories were still fresh from his last London concerts only a few years earlier, his powers evidently almost unimpaired. As a boy beginning to be curious about red and white label gramophone records I formed an impression from what I read that Battistini was first and foremost a model exponent of something called *bel canto*, perhaps too cold and perfect to be interesting.

By one of those coincidences that persist for years I never heard one of his records until now. The position has been dramatically reversed by the appearance of seven LPs from the (let us hope) inexhaustible EMI archives of all Battistini's surviving recordings, some of them hitherto unpublished. They cover 22 years, coinciding with the second half of his long and notable career in the opera houses of Europe and Latin America—he never sang in New York or Chicago but was adored in Russia and Poland.

The 14 sides contain over a hundred items, some of them remade once or twice over the years (all versions are included), mostly solos but a number of duets and ensembles. Except for the bass Vincenzo Bettoni, Battistini's partners are mainly unremarkable. Not everything is equally good. There are some poor pieces and the singing has unpredictable moments of roughness and carelessness. The level, though, is generally commandingly high, approaching perfection at times and never remotely cold. As for *bel canto*, John Steane in The Morning Post (Toye?)— "the proper use of the voice in singing." Good enough provided one remembers there are as many proper ways as types of music to be sung.

Battistini began as a tenor before moving down. He remained tenorial in the way some tenors are baritonal. His lower notes were comparatively weak with an occasional hint of rasp. In middle and high registers the timbre is gloriously free and even. Line, firm and clear as the cello of Casals, is paramount. Good diction (all arias are sung in Italian, songs are in French or Spanish when required) as usual does not hinder but positively helps. The frequent portamentos are not slithers but absolutely certain progresses to an accurately foreseen end.

Desmond Shawe-Taylor in his *New Grove* entry on this singer mentions "a kind of scornful snarl . . . suddenly melting into the extremes of tenderness and delicacy." Battistini can go at a phrase like a rider at a fence, flinging himself as it were across the music. Yet behind the bravado lay superb basic material and infallible breath control. He phrased as much with words as with breath (not so common as you might suppose), rather like the way some classical dancers phrase with their hands as well as their feet. Care for phrasing intensified as the years passed and robbed his tone of some of the flesh. The core remained intact.

The records have much to teach about the 19th century repertory. There are generous excerpts from the still too rarely heard *Ernani*. Battistini's singing of Nelusko's "Figlia di regi" from *L'africana*, with its regality, may well induce second thoughts about Meyerbeer. He returned again and again to *La favorita*, the opera in which he made his début in Rome in 1878 and in which he would have celebrated his jubilee as a singer had he not died a month too soon. The *Favorita* excerpts, and the lovely "O Lisbona" from Donizetti's even more neglected *Don Sebastiano*, have a noble, elegiac sadness.

There is plenty to upset the orthodoxy of today's prudes. Portamentos have been mentioned. Cadential notes are sometimes drawn out to a length which must be particularly galling to those who have no notes worth holding. Shawe-Taylor correctly warns that Battistini's Mozart is "wilful." But it is worth studying the recitative before "Là ci darem," gleaming with silky appoggiaturas and a seductive (or outrageous, according to the point of view) broadening out on the phrase leading into the duet. This surely throws more light on Giovanni the amorist than we are usually allowed.

Transfers from 78 have been mastered by Keith Hardwick, to whom we owe an immense debt for these resurrections. The original level of recording must have been high. One notices an extra ease and spaciousness about the songs and ballads with piano accompaniment, the absence of a cramped orchestra no doubt making inadequate early studio conditions more tolerable. Tosti, as usual, thrives on first-rate performance. Special delights among the songs are Carissimi's "Vittoria, vittoria, mio core" (or is this an aria?) and Giordani's inevitable "Caro mio ben," upon which the singer lavishes a wealth of finely-sustained colour.

WEEKEND FT

SPORT

Soccer: today's big kick-off

Romance at Wimbledon

ONCE upon a time there was an English non-league football team which took on the First Division's finest in the FA Cup and gave them a fright. Within two years, the club was in the Fourth Division. Six years later, it began a climb that took it to the First in just four seasons.

The hero of this real-life romance is, of course, Wimbledon, which makes its debut in the First Division today, playing away to Manchester City. But it is a fairy tale that has no appeal for Ted Croker, general secretary of the Football Association. Speaking in his personal capacity at a Staffordshire conference, Croker said last week that Wimbledon's facilities were "totally incapable of staging First Division football. To bring top clubs like Manchester United and Tottenham to a ground like that is ridiculous."

"Utter drivel" was the swift response of Wimbledon manager Dave Bassett to Croker's comments. It was a remark typical of a man who would rather mince his opponents than his words. After 12 years at the club — five of them as manager — he knows that football has its less glamorous side: that seasons are made by a team's ability to squeeze a goalless draw against Port Vale on a freezing February evening as much as by anything else.

Bassett still retains, and it is no slur, a Fourth Division style. He looks happier in a tracksuit than a collar and tie, and he retains the ability to talk about football without resorting to the moon/parrot school of dialogue.

He can also feel justifiably aggrieved by Croker's words. Wimbledon spent £350,000 over the summer to improve safety at its Plough Lane ground in south-west London and to increase its capacity from 12,500 to 19,000. That is a lot of money for a club with an average gate of 4,578 last season, and left Bassett with enough cash to buy just one player — Colin Gordon from Swindon for £90,000 — on the close season transfer market.

With 10 players still remaining from the club's Fourth Division championship side, there is little chance of Wimbledon altering the long-ball game that has proved the key to its precipitate rise. For all its critics, it is a style that has proved extremely profitable for Watford, for instance, and the addition of Millwall's John Fashanu late last season has given Wimbledon's attack a target man who might prove a handful for more than one First Division defence.

Yet history seems to be on the side of the Crokers rather than the Bassetts. Soccer's problems—the vicious circle of falling gates and rising hooliganism—are too familiar to bear repetition, but the symptoms of the disease are only too real for individual clubs.

Already, Swansea, Wolves and Middlesbrough have flirted with bankruptcy. The Welsh club briefly hit the top of the First Division and started to pay the wages associated with that kind of success. When relegation followed, Swansea's crowds slumped—but its salary bill didn.t

What has become more and more clear is that only a few big clubs can hope to make a profit out of modern soccer. These are the teams that the crowds and the television cameras want to see. As they have realised the strength of their position, the top clubs have come to resent their smaller rivals as a drain on their resources, which has led to rumours of a Super League, with the top 10 or 12 clubs breaking away from the Doncasters and the Walsalls of this world.

As a result, fright has pushed the Football League into reform. Every club chairman seemed to have a plan for change last season — from regional divisions to a Premier League. In the end, the forces of inertia proved strong enough to ensure that the structure was only tinkered with. Beginning this season, promotion and relegation will include a knock-out element, although you need to concentrate to follow the devious workings of the new system.

It goes like this. Three clubs out of 22 will be relegated automatically from the First Division this season, but only two will be promoted immediately. The 19th First Division club will then be involved in play-offs with the third-, fourth- and fifth-placed Second Division clubs for the final place. Whoever wins, there will be only 21 First Division teams next season and the whole process will then be repeated, reducing the roster to 20.

Play-offs will also be used to decide the final relegation and promotion spots in the other divisions. Apart from adding to the ulcer rate of soccer managers, the result, after two seasons, will be a 20-club First Division plus three divisions of 24 teams each. The top non-league team will, subject to regulations about ground fitness, automatically replace the bottom Fourth Division club.

Those seeking to emulate Wimbledon's climb to the First could thus find it more difficult in future. But the changes may not be enough to satisfy the bigger clubs, for it seems a sure bet that pressure for a Super League will return soon, and that the battle between League reformers and conservatives will be resumed.

Ironically, the Heysel thugs who wrecked last year's European Cup Final in Brussels may have helped to preserve the status quo a while longer. One reason why the majors wanted a slimmed-down league was to create extra time on the fixture list so that the gaps could be filled with lucrative trips abroad to play the rest of the world's soccer élite.

The problem is that the outside world now views a visit by a British soccer team with all the enthusiasm of the Roman citizenry awaiting an appearance by Attila the Hun. English clubs are banned from playing competitive matches abroad and may yet be banned from playing friendlies as well.

As a result, there are few big paydays awaiting globetrotting English clubs, which gives the remorseless spiral of decline another twist. England's best players, denied a chance of top competitive club football, are drifting abroad. As the smaller clubs have in the past proved merely staging posts for the Keegans and Linekers on their way to Liverpool and Everton, so the latter may soon become only a temporary halt on the road to Hamburg and Barcelona.

After all the recent trials and tribulations, it is a reasonable hope that soccer can get back to basics. The Wimbledons and the Watfords add magic to the game. They give hope to the struggling part-timers, to the boys kicking tin cans on street corners, and to the fans shivering on the terraces. Any system that sabotaged those hopes would surely only increase the sterility of the game.

Dave Bassett refuses to believe that football's ills are terminal. He believes that his responsibility is to control the fans inside the ground, not on their way to and from the match. If people riot outside, it is a symptom of society's problems—not football's. It might be a blinkered view, but at least it is free of the pomposity of which so many of his footballing contemporaries are guilty.

And what of his hopes this season? A mid-table position and a cup run, perhaps? Not a bit of it. "I want to win every competition we're in," he says. "Otherwise, why enter?" Now there's a romantic for you.

Philip Coggan

Wimbledon manager Dave Bassett . . . no time for the critics

Masao Motohashi's magic moment

Baseball

IF THERE is one commodity that Japan prizes even more than uupolished rice, it is the samurai "fighting spirit," especially the manifestation of it in what older Japanese now consider to be the feckless younger generation. If there is one arena in which this essence is supposed to be displayed in abundance twice a year, it is at Koshien Stadium in Osaka, home of the single sporting event that matters more than any other in Japan—the high school baseball tournament.

This is why a stringy, gap-toothed, crew-cutted teenager by the name of Masao Motohashi is the toast of Japan and will probaly remain so for the rest of his life, almost regardless of what happens to him. Not only did he do what he had to do—pitch his high school, Tenri, from Nara Prefecture, to its first ever championship. More importantly, he accomplished the feat while saddled with the pitcher's ultimate burden, a seriously-damaged arm.

The psychology and appeal of Japanese high school baseball does take a bit of understanding, particularly from the spectators' viewpoint. Although the standard is excellent, and certainly comparable to that in the US, it is unusual for any country to get turned-on completely by sports played by teenagers.

Part of the answer lies in the fact that, contrary to their dour image overseas, the Japanese are a nation of incurable nostalgic romantics. They look back on their teenage years as a time of perfect simplicity (even though for many it was not, and still is not, because of the competitive "hell" of non-stop examinations) and they believe that they are still, at heart, a rural people (even though the country has been dominated by big metropoles for centuries).

This dual sentimentality finds its perfect outlet in high school baseball. For a start, all the nation's 3,000-plus high schools take part in elimination proceedings which bring the final 128 teams together at Koshien. Every match is televised live.

Second, there is a near-perfect discipline to the way the game is played, and staged. Dissent is unknown; every player sports shorn hair; all wear the same baggy, outdated uniforms; the word of the coach is law.

Deviations have been excised rigorously. Last year, a player was caught shoplifting and his team withdrew in shame. This year, photographers from a scandal sheet snapped two smoking. The offenders were banned instantly and their side left shorthanded (which was not enough to satisfy traditionalists, who said the failure of the whole team to withdraw was a sign of declining moral standards). In fact, the side in question was among those favoured to win; its subsequent loss was seen as a vindication. This year, again, much critical comment was directed at a school band which launched into a brisk military version of Elvis Presley's *Love Me Tender*, a double heresy.

One reason there are so few good Japanese professional pitchers is that their arms have been worn out in high school. No self-respecting American coach would have his 16-year-olds throwing the curves, sliders and screwballs that the "ace" pitcher on a Japanese high school team is supposed to have in his repertoire, because all these breaking deliveries put great strain on the growing arm.

Moreover, the "ace" is supposed to pitch all the time which, in the Koshien tournament, can mean as often as six times in eight or nine days, again a great physical burden (US major league starters generally have four days' rest between appearances). But for the "ace" to step down, or to be relieved, would itself be an overt admission of defeat, an act contrary to the samurai spirit.

It was apparent to all at Koshien that Masao Motohashi's right arm was dead by the quarter-finals. He was already taking shots of cortisone and pain-killer and could not lift the arm above shoulder height. In a gesture of remarkable compassion (or else unusual common sense), his coach sat him down for one round and his team still won; but he was back the next day for the semi-finals and, 24 hours later, was on the mound again for the final act against a team from Matsuyama which was in the process of setting several hitting records.

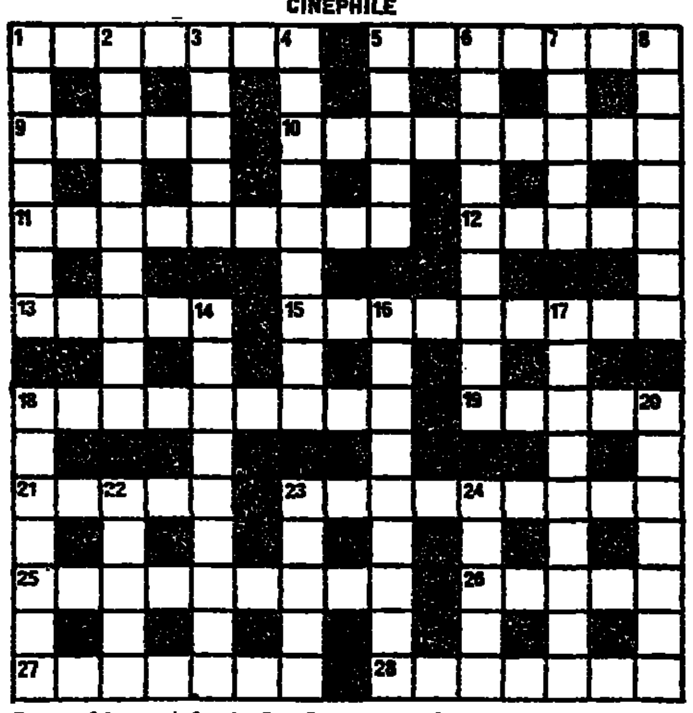
The climax was pure Boy's Own Paper stuff. Motohashi was struck hard, often and early but, aided by good fielding, especially from his canny catcher, and his own ability to make the good pitch at the right time, gave up only one run. The lead was cut to three-two in the seventh and Motohashi was wincing with every pitch, struggling to get the ball near the plate and then, true to form, smiling encouragingly afterwards. His team-mates gathered round, urged him to fight on, and he endured. He did not give up another run.

He will probably never make it as a professional. The millions of yen that were offered to last year's Koshien stars went to big, strapping kids, instant matinee idols. Undersized teenagers with arm trouble do not command top dollars, or yen. But if Motohashi's arm is damaged, his honour is truly intact. For his performance in one golden mid-August, Japan will always remember him a true samurai.

Jurek Martin

F.T. CROSSWORD PUZZLE No. 6,107

CINEPHILE



Prizes of £10 each for the first five correct solutions opened. Solutions, to be received by next Thursday, marked Crossword on the envelope, to The Financial Times, 10 Cannon Street, London EC4P 4BY. Solution next Saturday.

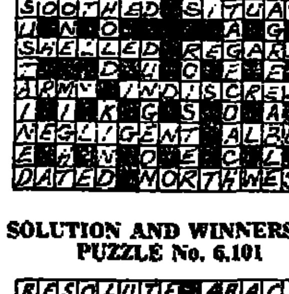
ACROSS

1 Conditions attached to fiddles etc. (7)
5 Cow destroyed during break on mountain top (7)
9 Body fluid could go out from Plymouth (5)
10, 11 High speed bandmaster comes down to earth (9, 9)
12, 13 Boycott, a vexation to the flesh, with sloes (10)
15 Instinctive awareness needed in teaching (9)
18 It carries musicians to assured success (9)
19 Subject to choose? Not quite (5)
21 American plant for Youth Leader on council admitting students (5)
23 With fruit drink about I get awfully hep at the edges (9)
25 Raw spirit makes half the cricket team mad (9)
26 Buildings and equipment in bed, perhaps (5)
27 Novelist in favour of having queen canonised? (7)
28 Marine beast to roll up outside its habitat (3, 4)

DOWN

1 Request cost two pound, possibly (7)
2 No tram now operates in —chester, perhaps (5, 4)
3 In the 1940s he made His Excellency run! (5)
4 Doing something with hair gives one a headache (9)
5 It's sweet to give us a rough time when climbing (5)
6 He followed Nicholas II from Medoc to Bristol (9)
7 Clay mate? (5)
8 American football in relation to sport of kings? (7)
14 Paper seller, wise man to a point, taken in by amphibian (9)
16 Build of lectern for use by cellist (5, 4)
17 Mischief-maker, to create trouble, makes us swear (9)
18 Some salt water page put in pot (3, 4)
20, 22 Perfectly obvious call's "powder for British king" (7, 5)
23, 24 Collector of capsicum, favourite Dickens character, with sovereign on either side (5, 5)

Solution to Puzzle No. 6,106



SOLUTION AND WINNERS OF PUZZLE No. 6,101

Mrs F Boyle, Cardonald, Glasgow; Mr R. Hubbard, Leigh on Sea, Essex; Mr R. Kent, Newport, IoW; Mr K. Lawson, Saltburn-by-the-Sea, Cleveland; Mrs H. Starey, Gore Road, London SW20

TELEVISION AND RADIO

SATURDAY

BBC 1

† Indicates programme in black and white

8.30 am The Clangers 8.40 The Family-ness 8.45 The Saturday Picture Show. 10.55 Grandstand featuring 1.00 pm News; Rowing (World Championships); Swimming (World Championships); Cricket (Third Test from The Oval); Football; Racing from Goodwood and at 4.40 Final Score. 5.05 News. 5.15 Regional Programmes. 5.20 The Montreux Rock Festival. 6.10 The Dukes of Hazzard

7.00 Film: "King Kong" 9.10 What The Butler Saw. 9.20 News and Sport. 9.35 Laugh Attack 10.05 "Evita Peron (Faye Dunaway and James Farentino in part 2 of a four-hour mini-series) 11.40 Late Night in Concert.

BBC 2

1.55 pm Film: "The Valley of Gwangi," starring James Franciscus. 3.30 The Sky At Night. 3.50 Cricket: Third Test—England v New Zealand from The Oval. 6.10 Around the World in Seven Minutes and Four Times on Saturday. 7.00 World Chess Report. 7.40 Newsview 8.20 The Rolling Stones 9.10 Film "Cheyenne Autumn" starring Richard Widmark and Carroll Baker. 11.25 Cricket: Third Test (highlights of the day's play). 12.05-1.25 am Film "Horror At 37,000 Feet," starring Buddy Ebsen and Chuck Connors.

LONDON

6.55 am TV-am Breakfast Programme. 9.25 Get Fresh 11.30 Wake Up London 12.00 News 12.05 pm Saint and Greavsie 12.30 Wrestling 1.20 Airwolf. 2.15 Comedy Classic. The Cuckoo Waltz." 2.45 World Championship Boxing—IBF World Super-featherweight Title Fight 4.45 Results Service. 5.00 News. 5.05 The Grumbleweeds Show. 5.35 John Silver's Return to Treasure Island. 7.30 Five Alive. 8.15 Summertime Special 9.15 News and Sport. 9.30 The Clint Eastwood Movie: "The Outlaw Josey Wales." 12.05 am LWT News Headlines followed by Al Jarreau in concert. 1.00 "The Abominable Dr Phibes," starring Vincent Price. 2.25 Night Thoughts.

CHANNEL 4

1.15 pm Channel 4 Racing from Newmarket †2.50 "The Crusades," starring Loretta Young, C. Aubrey Smith and Katharine DeMille. 5.05 Brookside Omnibus 6.00 Right to Reply. 6.30 The Stamp of Greatness 7.00 News Summary followed by The Sons of Abraham 7.30 A Fearful Silence 8.30 Newsnart

9.00 The Organization 10.00 Hill Street Blues. †10.55 James Cagney in "Public Enemy," with Jean Harlow 12.30 am Light Fantastic!

S4C WALES

1.15 pm Racing from Newmarket 3.00 Equinox †4.00 Feature Film. "West Point Story" starring James Cagney with Virginia Mayo and Doris Day 5.55 Before The Nickelodeon. 7.00 Fit Curran 7.30 Newyddion 7.45 Talent-lan 8.15 Rosalind a Myrddin 8.45 Gwyl Gorawl Caerdydd 1986. 9.30 The Cosby Show 10.00 Budgie †11.00 Feature Film "White Heat" featuring James Cagney

ANGLIA

IBA Regions as London except at the following times:

11.30 am The Telebugs 12.00 That's Hollywood. (A salute to Gregory Peck). 12.30 am At the End of the Day

BORDER

11.30 am Captain Scarlet and the Mysterons. 2.45 pm Golf (The Bells Scottish Open). 12.00 am Golf (Bells Scottish Open).

CENTRAL

11.30 am Telebugs. 5.05 pm John Silver's Return to Treasure Island. 7.00 The Grumbleweeds Show. 12.00 Elkie Brooks in Concert. 12.45 am Central Jobfinder.

CHANNEL

11.30 am Terrahawks 11.59 Today's Weather. 12.00 The Doors Are Open

GRAMPIAN

11.30 am The Telebugs 2.45 pm Bells Scottish Open Golf Championship 12.00 Bells Scottish Open Golf (highlights) 12.40 am Reflections.

GRANADA

11.30 am Terrahawks 2.15 pm Benson. 12.00 Ten Years After in Concert at The Marquee 12.55 am Tales From The Darkside

HTV

11.30 am Terrahawks. 11.58 HTV News. 12.00 Freeze Frame

SCOTTISH

11.30 am Terrahawks. 2.45 pm Bells Scottish Open Golf Championship 12.00 Bells Scottish Open (highlights). 12.40 am Late Call

TSW

11.30 am Gus Honeybun's Magic Birthday's. 11.33 The Getalong Gang. 11.57 TSW News. 5.05 pm Newsport. 5.07 The Grumbleweeds Show. 12.00 Rock of the Seventies (The JJ Band). 12.35 am Postscript.

TVS

11.30 am Terrahawks. 11.57 TVS weather. 12.00 The Doors are Open. 1.00 am Company.

TYNE TEES

11.30 am Terrahawks. 12.00 I am the Blues (Willie Dixon). 1.00 am Poetry of the People.

ULSTER

11.30 am Terrahawks 11.58 Lunchtime News. 4.55 pm Sports results. 5.03 Ulster News. 9.27 Ulster News 12.00 At Home—John Oaksey. 12.25 am News at Bedtime.

YORKSHIRE

11.30 am Captain Scarlet and the Mysterons. 5.05 pm John Silver's return to Treasure Island 7.00 The Grumbleweeds Show. 12.00-6.00 am Music Box.

BBC RADIO 2

(Stereo on VHF)

8.05 am Jan Leeming. 10.00 Sounds of the 60s. 11.00 Album Time 1.00 pm Huddwinks starring Roy Hudd. 1.30 Sport on 2 including Football; Cricket (3rd Cornhill Test); Racing from Goodwood; Rowing; also cricket scoreboards from the Britannic Assurance County Championship. Showjumping, and news of the final practice of the San Marino Motorcycling Grand Prix and Golf reports from the Glasgow Open. 5.00 Sports report. 6.00 Jimmy Young Presents Two's Best. 7.00 Three In A Row. 7.30 Up Where We Belong 9.10 Laurie Holloway at the Piano 9.30 String Sound. 10.05 Martin Kelner. 12.05 am Night Owls. 1.00 Steve Madden presents Nightride. 3.00-4.00 A Little Night Music.

BBC RADIO 3

7.00 am News. 7.05 Aubade. 9.00 News. 9.05 Stereo Release. 11.00 Edinburgh International Festival 1986, part 1: Janacek (Ridalka), Kurtag (Messages of the late Miss R. V. Trussova). 11.45 Trollope on Tradesmen. 12.05 pm Edinburgh Festival, part 2: Stravinsky (Concertino), Goehr (Sonata about Jerusalem). 1.00 News. 1.05 Philadelphia Orchestra, part 1. 1.45 Hortensia Blue. 2.00 Philadelphia Orchestra, part 2. 3.00 "Hansel und Gretel." Humperdinck's opera sung in German, conducted by Karajan in 1953 with Elisabeth Grummer and Elisabeth Schwarzkopf in the title roles. 5.00 Jazz Record Requests. 5.45 Critics' Forum in Edinburgh. 6.45 Music for Organ 7.15 "The Phantom of Marseilles" (Cocteau's monologue performed by Judi Dench). 7.30 Proms, part 1: Stravinsky's Dumbarton Oaks and Mozart's Piano Concerto No 18 (soloist Tamas Vasary). 8.20 Musical Times Past. 8.40 Proms, part 2: Nicholas Maw (Sonata for strings and two horns), Mozart (Symphony No 41, Jupiter). 9.45 The Georgics Virgil's poem read by John Franklyn-Robbins. 10.20 Ballet Music by Coates and Walton. 11.00 Cantatas from Rome and Edinburgh by Handel and Pasquali. —England v New Zealand. 11.25 The Jazz Pianist. Per Henrik Wallin and Fred Van Hove. 11.57-12.00 News.

Medium wave as above except: 10.55 am-6.45 pm Test Match Special

BBC RADIO 4

7.00 am News. 7.10 Today's Papers. 7.15 On Your Farm. 7.45 In Perspective. 7.50 Down to Earth. 7.55 Weather; Travel. 8.00 News. 8.10 Today's Papers. 8.15 Sport on 4. 8.57 Weather; Travel. 9.00 News. 9.05 I'm Sorry, I Haven't A Clue How to Set out a Cast List (S). 9.35 A Sideways Look At . . . by Anthony Smith. 9.50 News Stand. 10.05 Talking Politics 10.30 Loose Ends. 11.30 From Our Own Correspondent. 12.00 News; A Small Country Living. 12.27 pm After Henry. 12.55 Weather. 1.00 News. 1.10 Devon Journeys (S). 1.55 Shipping Forecast. 2.00 News; The Afternoon Play (S). 3.30 News; Travel, International Assignment.

4.00 pm The Saturday Feature: Hopping Down in Kent. 4.45 I Should Say So. 5.00 The Living World. 5.25 Aspects of the Fringe. 5.50 Shipping Forecast. 5.55 Weather; Travel. 6.00 News; Sports Round-Up. 6.25 In The Psychiatrist's Chair Dr Anthony Clare talks to Ray Honeyford. 7.00 Saturday Night Theatre "Leave It to Psmith," by P. G. Wodehouse. 9.00 Baker's Half Dozen (S). 9.30 Thriller! 9.58 Weather. 10.00 News. 10.15 Evening Service (S). 10.30 The Good Book 11.00 Science Now—In Passing. 11.30 The Million Pound Radio Show (S). 12.00-12.15 am News.

SUNDAY

BBC 1

† indicates programme in black and white

8.55 am Play School. 9.15 Knock Knock 9.30 This is the Day. 10.00 Asian Magazine 10.30 Aristocrats 11.20 Cameo 11.30 Three in the Wild. 12.00 Bugs Bunny. 12.05 pm Sign Extra. 12.35 Farming 12.58 Weather News for Farmers 1.00 News Headlines 1.05 Bonanza

1.50 pm Cartoon 2.00 Eastenders †3.00 Film "The Life and Death of Colonel Blimp" starring Deborah Kerr and Anton Walbrook 5.40 The Pink Panther Show 6.00 Wild Britain. 6.30 News 6.40 Songs of Praise 7.15 Howards' Way 8.05 That's Life. 8.50 News 9.05 Born in the Gardens. 10.40 Cricket 11.20 The Black and White Media Show

BBC 2

1.55 pm Sport, Grandstand including Rowing, Swimming, Show Jumping and Cricket 6.50 Foley Square 7.15 The Making of a Continent 8.10 The 40th Edinburgh International Festival (Claudio Abbado conducts the Chamber Orchestra of Europe) 9.55 Show Jumping (Highlights of today's Silk Cut Derby at Hickstead) 10.40-12.00 am Film "The Mackintosh Man," starring Paul Newman, Dominique Sanda, Harry Andrews, James Mason and Ian Bannen.

LONDON

6.55 am TV-am Breakfast Programme 9.25 Walt Disney Presents 9.35 Woody and Friends 9.45 Roger Ramjet. 10.00 Morning Worship from the Church of Assumption of Our Lady, Englefield Green, Surrey 11.00 Getting On. 11.30 The Writing of Spitting Image 12.00 Fortune. 1.00 pm Crossroads 1.30 pm Educating Brian 2.00 One God Three Gods 2.30 LWT News Headlines followed by "The Sea Tives" starring Terence Alexander

3.00 Albion Market 5.00 The Campbells 5.30 Survival Special 6.30 News 6.40 Appeal Patricia Hayes speaks on behalf of The Simon Community 6.45 Highway 7.15 Winner Takes All 7.45 Return To Eden 9.15 News 9.30 Love Live The King 10.30 The Real World 11.00 LWT News Headlines followed by Dear Friends (Musical Tribute to Peter Knight) 12.05 am The Man Who Turned Down

Barry Foster as Mo in Peter Nichols's play Born in the Gardens. BBC1, Sunday 9.05

CHANNEL 4

12.30 pm Irish Angle presents GAA Football Semi-Finals. 1.30 Ever Thought of Sport? 2.00 Everybody Here. †2.30 "My Favourite Blonde," Bob Hope stars with Madeleine Carroll, Gale Sondergaard and George Zucco 3.55 The Oresteia 5.10 News Summary followed by The Mind of David Berglas. 6.00 Golf: Bell's Scottish Open Championship. 7.15 The Arabs.

8.15 pm Michelangeli Plays Beethoven. †9.00 "Scopne Ton Gauche." 9.15 Country Matters †10.15 James Cagney in "Man of a Thousand Faces."

S4C WALES

12.30 pm Irish Angle. 1.45 Changing Times 2.20 Gardeners' Calendar Roadshow 2.40 Carnatic Music †3.30 Feature Film. "Smilin' Through," starring Norma Shearer. 5.15 The Mind of David Berglas 6.00 Golf: Bell's Scottish Open Championship. 7.20 Newyddion. 7.30 Cais Am Gan. 8.00 Pwy Sy'n Pertayn? 8.30 Byd Cerdd. 9.15 Maupassant. †10.15 Feature Film. "Angels with Dirty Faces," starring

IBA Regions as London except at the following times:—

ANGLIA

9.30 am Colorado Canyon. †1.00 pm The Beverly Hillbillies 1.25 Weather Trends 1.30 Farming Diary. 2.30 Sunday Cinema: "They Who Dare." 4.00 The Campbells. 5.00 Albion Market. 12.00 The Blue Hat. 12.30 am The Notre Dame Festival Choir of Norwich.

BORDER

9.25 am Gardening Time. 9.55 Border Diary. 1.00 pm Farming Outlook. 1.30 Whiskers and Wet Noses. 2.30 Carlton Your Doorman. 3.00 Scotsport featuring the final round of the Bells Open Golf 5.30 Look Who's Talking. 6.00 Albion Market

CENTRAL

9.25 am Adventures of the Blue Knight 9.35 Fangface. 1.00 pm Gardening Time. 1.30 Here and Now 2.30 Weekend Matinee: "Carry On Henry" starring Sidney James, Joan Sims and Kenneth Williams 4.00 Mind Your Language 4.30 The Campbells 5.00 Survival Special. 6.00 Albion Market

CHANNEL

9.25 am Today's Weather. 9.26 Starting Point. 9.30 Les Francais Chez Vous. 11.30 Out of Schools 1.00 pm Muhammed Ali Goes East. 2.00 One God, Three Gods 2.30 Candid Camera 4.55 Puffin's Pla(i)ce 12.00 Mann's Best Friends.

GRAMPIAN

9.25 am Max, the 2000 Year Old Mouse. 9.35 Sesame Street 10.30 The Smurfs. 1.00 pm Farming Outlook. 1.30 The Prizewinners 2.30 The Pruitts of Southampton. 3.00 Scotsport. 12.00 Reflections

GRANADA

9.25 am Max the 2000 Year Old Mouse 9.35 Sing To The Lord. 11.00 The Writing of Spitting Image 11.25 Aap Kaa Hak. 11.30 Educating Brian. 1.00 pm Paris 2.05 Classic Cinema. "The Count of Monte Cristo" 4.00 One God Three Gods. 5.00 Survival Special. 6.00 Albion Market. 12.00 Off The Rack

HTV

9.25 am Max the 2,000-year-old Mouse. 9.35 Robostory. 1.00 pm Gardening Time 1.30 West Country Farming followed by Weather for Farmers 2.30 The Sunday Matinee: "Car Pool." 4.30 The Campbells. 5.00 Survival Special. 6.00 Albion Market. 6.36 HTV News.

SCOTTISH

9.25 am Best Friends. 9.30 Farming Outlook. 10.00 The Smurfs. 10.30 One God . . . Three Gods. 1.00 pm Festival Live. 2.00 Survival Special. 3.00 Scotsport. 5.00 The Campbells. 12.00 Late Call.

TSW

9.25 Getting On followed by Getting On . . Plus 11.00 The Writing of Spitting Image 11.25 Look and See. 11.30 The South West Week. 1.00 pm Scarecrow and Mrs King. †2.30 The Sunday Matinee: "Isn't Life Wonderful!" starring Cecil Parker and Donald Wolfit 3.57 Gus Honeybun's Magic Birthdays 4.00 The Campbells. 4.30 Gardens For All. 5.00 Survival Special 6.00 Albion Market 12.00 The Duck Factory. 12.25 am Postscript Postbag.

TVS

9.25 am Employment Action Line 9.30 The Smurfs. 1.00 pm Muhammad Ali Goes East 2.30 Candid Camera 3.00 Albion Market 12.00 Mann's

TYNE TEES

9.25 am *Morning Glory*. 9.35 Jack Holborn. 9.55 Sunday Lookaround. 1.00 pm Farming Outlook. 1.30 Northern Life—Sunday Edition. 2.30 Extra Time Soccer Special. 3.15 T. J. Hooker 4.10 The Smurfs. 4.25 Regional News. 4.30 *The Campbells*. 5.00 Survival Special. 6.00 Albion Market. 12.00 Epilogue.

ULSTER

12.'8 pm Lunchtime News. 1.00 Gardening Time. 1.28 Farming Weather. 1.30 The Harlem Globetrotters. 2.30 Feature Film: "The *Pleasure of His Company*," Fred Astaire, Debbie Reynolds and Lilli Palmer. 4.30 The Campbells. 5.03 Survival Special. 6.00 Albion Market. 6.38 Ulster News. 9.27 Ulster News 12.00 Sports Results. 12.05 am News at Bedtime.

YORKSHIRE

9.25 am Getting On 11.00 The Writing Of Spitting Image. 11.30 Farming Diary. 1.00 pm The Baron. 2.30 Sunday Cinema: "Arabesque." 4.30 The Campbells. 5.00 Survival Special. 6.00 Albion Market. 12.00 Insight. 12.30 am Five Minutes. 12.35-6.00 Music Box.

BBC RADIO 2

Stereo on VHF

7.30 am Roger Royle says Good Morning Sunday. 9.05 Melodies For You. 11.00 Desmond Carrington with your Radio 2 All-Time Greats. 2.00 pm Stuart Hall's Sunday Sport (Medium Wave only) 2.00 Benny Green. 3.00 Alan Dell with Sounds Easy. 4.00 The Random Jottings of Hinge and Bracket. 4.30 Sing Something Simple. 6.30 Charlie Chester with your Sunday Soapbox. 7.35 Old Stagers (Memories of Josephine Baker). 8.03 Vilem Tausky conducts the Langham Orchestra 8.35 Where Do You Go? 9.00 Your Hundred Best Tunes. 10.05 Songs From The Shows. 10.30 The Gospel Truth. 11.00 Sounds of Jazz with Peter Clayton. 1.00 am Steve Madden presents Nightride. 3.00-4.00 A Little Night Music.

BBC RADIO 3

7.00 am News. 7.05 Vivaldi's Venice 8.00 Pierre Fournier, the cellist, in Beethoven (mono) and Brahms. 9.00 News 9.05 Your Concert Choice. 10.45 Prom Talk 11.15 Borodin String Quartet 12.55 pm Robert Woolley, harpsichord recital. 1.30 Vienna Philharmonic Orchestra . . . Schubert's Symphony No. 8 (Unfinished); (1.55 Interval Reading); 2.00 Mahler (Symphony No. 1). 3.00 Edinburgh International Festival 1986. Stockhausen, Gerhard and Carter played by the Epsilon Wind Quintet (live relay). 4.10 Bloch Suite for viola and piano 4.45 Foreign Composers in 18th century England 5.30 The Harlequin Years. 6.15 Jean-Bernard Pommier, piano recital: Schubert's Sonata in A (D664) and Schumann's Carnaval. 7.10 BBC Welsh Symphony Orchestra conducted by Louis Fremaux, with Pierre Amoyal (violin) and David Malis (baritone), part 1: Bizet (Carmen suite), Saint-Saens (Havanaise, and the Introduction and Rondo capriccioso). 7.50 A Voice From The Desert. 8.05 Concert, part 2: Duparc (songs) and Debussy (La mer) 9.00 Takacs Quartet, part 1: Bartok's No. 3 and Beethoven's Op 59 No. 3 (Rasumovsky) 9.50 Trollope On Tradesmen. 10.05 Takacs Quartet, part 2: Bartok's Quartet No 6. 10.40 Jonathan Harvey Offerings To The Goddess. 11.20 Dvorak: Piano Quartet No. 2. 11.57-12.00 News.

BBC RADIO 4

8.00 am News. 8.10 Sunday Papers. 8.15 Sunday 8.50 Joanna Lumley talks for the Week's Good Cause, about Friedreich's Ataxia Group. 8.55 Weather; Travel. 9.00 News. 9.10 Sunday Papers 9.15 Letter From America by Alistair Cooke. 9.30 Morning Service from Westborough Methodist Church, Scarborough. 10.15 The Archers. 11.15 Pick of the Week (S). 12.15 pm Desert Island Discs (S) 12.55 Weather. 1.00 The World This Weekend. 1.55 Shipping Forecast. 2.00 News; Picnics. 2.30 The Afternoon Play (S). 3.30 A Splendid Discipline (S). 4.00 News; Origins 4.30 The Natural History Programme.

5.00 News; Travel. 5.05 Down Your Way visits Bewdley in Worcestershire. 5.50 Shipping Forecast. 5.55 Weather. 6.00 News. 6.15 Weekend Woman's Hour. 7.00 The Tortoise and the Hare by Elizabeth Jenkins (S). 8.00 A Good Read. 8.30 The Maestro (S). 9.00 News; Rambles in Ireland. 9.30 Communities in Crisis. Margaret Percy looks at the 1980 earthquake in Naples 9.55 Weather; Travel. 10.00 News. 10.15 The Sunday Feature: Space For Living. 11.00 Seeds of Faith (S) 11.15 Hush . . . Money. 11.45 Ten Thousand Miles on an Overdraft. 12.00-12.15 am News.